

Search Goes On in Potomac After 76 Die in Plane Crash

WASHINGTON — Recovery teams in boats, helicopters and in a cage lowered by crane searched Thursday for scores of bodies beneath the ice-crusted Potomac River in the fuselage of an airliner that crashed while taking off from National Airport Wednesday.

A police official said "the slow, tedious task" of recovery might take three days.

Seventy-four of the 79 persons on the Air Florida Boeing-737 were killed and most sank with the plane, still strapped in their seats. Among the survivors was a flight attendant.

Two other persons were killed and three seriously injured as the plane slammed into cars inching across the 14th Street Bridge, which was laden with rush-hour

traffic. The impact sheared the tops off some of the vehicles.

The death toll issued by Air Florida included three infants, five crew members and an airline employee riding as a passenger. The Pentagon said it believed that seven members of the military, an Army civilian employee and the wife and two children of a Navy officer also were aboard.

Divers and others had managed to pull only nine bodies from the plane's wreckage or from the river water during the four hours before nightfall Wednesday and floating shards of ice hampered their work.

As heavy equipment was brought in Thursday to hoist the fuselage from beneath the ice, the bodies of two victims — an infant and an adult — were spotted be-

ween ice floes and pulled from the river. The bodies were frozen. Five persons were plucked alive from the fragments of the plane or from the river water, which is cold enough to kill in minutes.

Although the recovery crews know precisely where the plane went down, they encountered difficulty locating the wreckage.

"We expect the recovery to be a slow, tedious task, taking anywhere from one to two to three days, perhaps," the police inspector said. "We want to make the recovery as quickly as possible, but you must keep in mind the fact that weather conditions are such that they are not conducive to rapid recovery."

A crane positioned on the span lowered a cage bearing two men to the water for a closer look. Helicopters flew at river level. A Coast Guard cutter and a smaller boat pushed aside the thick ice.

Although a snowstorm that had been forecast had not begun yet, the temperature was in the mid-20s Fahrenheit and the sky was gray, adding to the recovery problems.

Holes in Ice for Platform
The divers were making holes in the ice for a platform from which to dive. The Army Corps of Engineers brought a huge plank to place in the river for the same purpose.

Jim J. Furman, a spokesman for the National Transportation Safety Board, said one set of divers would try to locate the plane's flight data recorder while the other surveyed the fuselage to see whether it can be lifted out intact.

Francis McAdams, head of the transportation board team of investigators, said, "They may have to lift the wreckage before they get to the bodies."

He said they would try to determine whether the plane was properly de-iced before takeoff and how long it stood at the airport before it was treated with a de-icing compound. The airport had been closed because of blowing snow for more than an hour and another hour had elapsed before the jet took off.

The plane had been serviced by American Airlines ground crews. To Miami, Air Florida's senior vice president, Cesar Alvarez, said, "As far as I know, the plane was de-iced two to three times prior to the flight."

National Airport, closed after the crash, reopened at 7 a.m. Thursday and was operating normally.

President Reagan saw the recovery operations from the air as his Marine Corps helicopter took him to Andrews Air Force Base for a flight to New York, where he was to make a speech. A rescue official said, "The president has told us that anything the United States has is available to us."

The last major crash involving an airliner was on Oct. 31, 1979, when a Western Airlines DC-10 crashed in Mexico City. The last crash of a commercial plane at National, a medium size airport on the Virginia bank of the Potomac, was in 1949.

The Boeing 737, carrying 74 passengers and five crew members, took off from National Airport, clipped a span of the 14th Street Bridge, then toppled into the river barely 100 yards from a second span crowded with commuters headed home to Virginia in the driving snow.

Mr. Furman said there was no hint why Air Florida Flight 90 to Tampa and Fort Lauderdale crashed, but one of the survivors said he had an uneasy feeling from the start.

"I had a pretty good indication things weren't going right when we started down the runway," said Joseph Stiley, 42, a licensed private pilot. "I think it might have been just a little bit heavy from the ice."

The airport control tower reported no distress calls from the plane during its few seconds of flight. Visibility was about a half mile, close to the minimum. Three inches of snow had fallen, and it was snowing heavily at the time of the crash, about 4 p.m.

Frank Taylor, director of the

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Salvage operations began Thursday to locate wreckage of the Air Florida plane and bodies.



A helicopter crew member pulled a passenger of the Air Florida-bound plane from the icy Potomac River after the accident.



A passenger from the Boeing 737 that went down in Washington grasped a life preserver during rescue operations on Wednesday.

A Hero of 737 Disaster Vanished Under River

WASHINGTON — An unidentified passenger helped others to safety before vanishing in the icy waters of the Potomac in one of the numerous acts of heroism after the Air Florida crash here Wednesday.

The passenger was bald, about 50 years old, one of half a dozen survivors clinging to wreckage bobbing in the river when the first helicopter arrived. To the craft's two-man Park Police crew he seemed the most alert.

Life vests were dropped, then a flotation ball. The man passed them to the others. On two occasions, the crew recalled, he handed away a lifeline from the hovering machine that could have dragged him to safety.

Returned to Scene

The crew, who rescued five persons, lifted a woman to the riverbank, then dragged three more persons across the ice toward safety. Another victim, a woman, had slipped into the water about 20 feet from shore but was rescued by a passer-by, Lenny Skutnik, 28, who flung off his boots and coat and dove into the river.

The helicopter crew then saved a woman who was trying to swim away from the sinking wreckage, and the helicopter pilot, Donald W. Usher, returned to the scene but the bald man was gone.

"That guy was amazing," said M.E. Windsor, the paramedic aboard the craft. "All I can tell

you is I've never seen that kind of guts. It seemed to me like he decided that the women, the men who were bleeding, needed to get out before him, and even as he was going under he stuck to his decision and helped them get out."

"Gene and I were talking as we went back over," said Mr. Usher, "and we said even if he was under and we could see him, we were going to get him. Man, that was brave."

But there was no trace of the man, whose identity could not be learned Wednesday night.

Mr. Skutnik, an office service assistant with the Congressional Budget Office, was interviewed after spending 30 minutes in a hot tub at a Virginia hospital as treatment for exposure. He and four others had left their jobs early because of heavy snow in the Washington area and were driving home together.

Arriving at the crash scene, Mr. Skutnik and his companions parked their vehicle and went to the river's bank. He saw a woman desperately trying to keep a grasp on a life preserver.

When she lost her grip, Mr. Skutnik decided to dive in to save her.

"When I reached her she seemed to be unconscious," he said. "She was out. Her eyes were rolled back. Nothing was moving. I got behind her and pushed with each stroke. Finally, I reached the bank and others on shore helped pull her in."

Warsaw Reports Bombing Near Party Building

By Brian Mooney

WARSAW — The Polish authorities reported Thursday that a bomb had exploded in a telephone booth close to the Communist Party headquarters in Warsaw in the first such incident since martial law was imposed Dec. 13.

The official press agency PAP said the booth was damaged and windows in a cafe and in two parked cars were blown out by the explosion Thursday afternoon.

The kiosk is almost opposite the party building. PAP said the people responsible for the explosion had not been identified.

Such attacks are rare in Poland. The last recorded bombing was of the Soviet airlines offices in Warsaw shortly after the August, 1980, labor revolt.

It appeared likely that the attack was linked with opposition to martial law, but the suspended Solidarity free trade union was not thought responsible. The union has preached passive resistance and warned its members against violence.

Solidarity has continued in function underground in defiance of the military authorities and despite the restrictions imposed upon it by martial law.

Solidarity Bulletins

A series of underground Solidarity bulletins circulated in Warsaw Thursday in a further indication that the union was continuing to operate. Solidarity activists in Poznan said they were also obtaining and circulating their bulletins.

A bulletin identified as No. 14 since the military crackdown said the independent press was appearing in Wroclaw and "from day to day" in Lodz as "Fighting Solidarity" and Lublin as "Information Bulletin."

"In Warsaw more and more uncensored publications are appearing either produced by typography or written and sometimes handwritten," it said.

Many of the underground publications condemned the military takeover as a disguised Soviet invasion and expressed support for retaliatory Western sanctions.

An appeal by Warsaw students said Poland faced "a brutal Soviet invasion" and that the fact that martial law was imposed by "Polish soldiers only proves that the Soviet Union wants to avoid international repercussions."

"The fact that intervention took such a refined form is only a measure of the cunning of Soviet politicians and of the far reaching loyalty of the Polish military to the Kremlin," the statement said.

Poland has strenuously denied Western allegations that the military crackdown was ordered at the behest of Moscow. The ruling military council, led by Gen. Wojciech Jaruzelski, says it took over power to avoid civil war and prevent armed insurrection.

It says the crackdown is a purely internal matter and has accused the West of blatant interference by imposing sanctions. The military has also given repeated assurances that the reforms begun after the 1980 labor revolt would continue.

New Minister

A reform-minded deputy premier, Mieczyslaw Rakowski, has been given a prominent role in the new power structure and was scheduled to address foreign reporters about government plans early next week. Gen. Jaruzelski was also scheduled to address to parliament next week and it was believed that he might announce plans for ending martial law and replacing it with a similar state of emergency.

Under such a state, union and civil freedoms would remain banned but the army would return in its barracks.

Meanwhile, there was confusion about the position of a trade union official who told reporters Wednesday that he had written and signed a public approval of martial law last month under duress and then had withdrawn it. His remarks appeared to take officials by surprise.

Poznan radio broadcast a new statement Thursday by the Solidarity leader, Zdzislaw Rozwalak, in which he denied being forced to approve of martial law. A Foreign Ministry official said Mr. Rozwalak contacted Poznan radio Thursday after hearing on foreign news broadcasts that "his statement was somewhat changed."

Reporters who talked to Mr. Rozwalak recalled the following dialogue from their notebooks: "You made a statement supporting martial law, do you still stand by it?" Mr. Rozwalak replied: "No, not now," he explained without further questions why he withdrew his first statement.

A government spokesman said workmates might have pressed Mr. Rozwalak to withdraw his endorsement of martial law and added: "Rozwalak frequently changes his mind."

Nevertheless, foreign reporters on an officially organized trip to Poznan Wednesday were able to establish that support for the union and its detained leaders was still widespread among workers.

U.S. Hardens Position on Soviet Trade

Curbs on Technology To Be Asked of Allies

By Clyde H. Farnsworth

New York Times Service

WASHINGTON — The Reagan administration has signaled that it is preparing an unusually tough position in coming negotiations with the Western allies and Japan on curbing the shipment of high technology products and oil and gas equipment to the Soviet Union.

The administration has apparently persuaded itself that trade with the Soviet Union yields few benefits to the West and, by contrast, has helped the Russians to "improve their military capability to a point where it is a mounting threat to Western security."

The signal came in a speech made by a high administration trade official, Lawrence J. Brady, assistant secretary of commerce for trade administration, who said the Soviet Union was buying high technology from the West and diverting it as "the engine of the Soviet military machine."

In remarks delivered in San Francisco and made available in Washington, he said that the Soviet Union had furthermore created a "veritable Soviet lobby" in Western business and government circles to facilitate the trade exchanges that enhance their military potential.

Talks in Paris

The speech, to the international trade committee of the National Association of Manufacturers, was made six days before the opening of talks in Paris to consider a unified stand on trade restrictions against the Soviet Union.

The speech, moreover, underscored the degree of change in Washington's views about trade with the Soviet Union since the days of détente in the mid-1970s, when the guiding principle was to fashion an interlocking web of trade, cultural and other relationships to provide a moderating influence on Soviet military development.

"The West is being asked to make a huge new investment in building the Soviet economy when few, if any, of the political gains from détente have materialized," Mr. Brady asserted.

Although he did not refer specifically to the meeting next Tuesday in Paris of the Coordinating Committee on Export Controls (Cocom), where the allies seek agreements on curbing high technology transfers, Mr. Brady said: "We are pledged to limit the direct and indirect contributions made by our resources to the Soviet military buildup, and we are pledged to substantially reduce Soviet leverage over the economies of the non-Communist world."

He said the United States would continue efforts to block or at least slow construction of the 4,000-mile (4,800-kilometer) pipeline the Rus-

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Sanction Call Voted Down In Bundestag

By John Vinocur

New York Times Service

BONN — Chancellor Helmut Schmidt said Thursday that the NATO countries will react with appropriate political and economic steps "according to the development of the situation in Poland."

But the Bundestag's Social Democratic and Free Democratic majority rejected a motion by the Christian Democratic opposition that specifically called for economic and financial action against the Soviet Union "if promises to return to the reform course and release prisoners [in Poland] continue to be disregarded."

After an often angry debate about the West German position on Poland and on negative reaction to it, notably in the United States and France, the Bundestag approved a resolution that went no further than welcoming positions stated by NATO, the European Economic Community, and a joint communiqué last week by Mr. Schmidt and President Reagan.

The most specific of those documents, approved by NATO in Brussels on Monday, calls on member countries to "identify" and "examine" so-called "appropriate national possibilities" for action on Poland.

The Christian Democratic motion appeared to be a tactic to point out what the opposition asserts is the government's unwillingness to accept the idea of sanctions against the Soviet Union.

Catalogue of Measures

Mr. Schmidt, in a carefully worded reference to sanctions during the debate, said: "The alliance has developed a catalogue of political and economic measures meant to convince... Warsaw and the Soviet Union of the Western concerns. The members will take these measures in agreement with each other according to the development of the situation in Poland. The individual national measures need not be identical, but they should not undercut each other."

The Bundestag praised "the prudent attitude" of the government, but it was bitterly attacked by Helmut Kohl, the opposition leader, as having led West Germany toward isolation within the alliance.

"We Germans aren't roaming between two different worlds," Mr. Schmidt said in an attempt to deal with accusations that his government had become increasingly neutralist and interested in a role as a go-between for the United States and the Soviet Union.

These charges, he said, were essentially reflected in editorial comment in the United States and

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Israel Tells Haig It's Ready for Big Effort on Palestinians

By Bernard Gwertzman

New York Times Service

JERUSALEM — Israeli leaders told Secretary of State Alexander M. Haig Jr. on Thursday that they were willing to go along with the United States and Egypt in making a major effort to conclude negotiations in the next few months on an agreement for Palestinian self-rule in the West Bank and Gaza Strip.

But after talks here and in Cairo, U.S. officials, not unexpectedly, found both Israel and Egypt sticking to their strongly held positions on key issues that have blocked an accord for more than two and a half years.

Nevertheless, aides to Mr. Haig said privately that they were more hopeful than either the Egyptians or the Israelis that some formula could be found for a "declaration of principles" leading to early elec-

tions for a self-governing authority to represent the 1.5 million Palestinians.

Relations between Israel and Egypt have been cool since Mr. Begin's sudden decision on Dec. 14 to virtually annex the Golan Heights, captured from Syria in 1967.

The United States voted to condemn the action in the United Nations Security Council and then suspended the implementation of the memorandum of understanding on strategic cooperation that had been signed Nov. 30 in Washington. Mr. Begin replied with a scorching attack on Washington and said the suspension was tantamount to a cancellation.

Mr. Haig did not discuss the status of the strategic cooperation agreement with Israeli leaders, as part of an advance understanding

to put it aside for now, spokesmen for both sides said.

Spokesmen said that the mood of the talks Thursday was friendly. There seemed to be an effort by both Israeli and U.S. officials to avoid a public show of discord.

In his arrival remarks, Mr. Haig reaffirmed U.S. "dedication in the security and well-being of Israel" and Washington's commitments to the Camp David accords.

Avoiding a Deadline

In his separate talks with Prime Minister Menachem Begin, Foreign Minister Yitzhak Shamir and Defense Minister Ariel Sharon, Mr. Haig said that while the United States was trying to avoid a deadline or "target date" he was hoping that an intensive effort could be made so that an accord could be achieved by the time Isra-

el completed its return of the Sinai to Egypt on April 25.

According to an Israeli Foreign Ministry spokesman, the Israelis are ready to join in the renewed effort. In welcoming remarks for Mr. Haig at Ben Gurion Airport, Mr. Shamir said the Israeli government "will do our utmost to help and to work together with him toward this important and vital goal."

In his remarks at the airport, Mr. Haig said President Reagan and he had concluded in Washington "that the time had come in the process of these autonomy talks for high-level review of their current status to see whether or not it would be possible to bring about, in the near term, even more expedited treatment of these autonomy questions."

After meeting with Mr. Begin, Mr. Haig said he was hoping for "an early agreement" in the autonomy negotiations, but without any deadlines.

He stressed that despite speculation in the Israeli press he had not brought any new proposals with him, but rather was "here to be a catalyst" in the talks. After returning to Washington with the detailed views of Egypt and Israel, he said, U.S. officials will make an assessment and return to the area for further discussions.

He said that a high-level negotiator might be chosen, that he might return himself or that some different approach might be selected. Mr. Haig held two meetings with Mr. Shamir and a group of experts from both sides to discuss Israel's position in detail.

Arabs Claim Majority For UN Sanctions on Israel; Veto Expected

By Don Shannon

Los Angeles Times Service

UNITED NATIONS, N.Y. — Arab members of the UN Security Council claim the support of a majority of nations on the council for a resolution to impose sanctions against Israel for its annexation of the Golan Heights.

But Jordan's ambassador, Hazem Nuseibeh, who introduced the measure on Wednesday, predicted that the United States and possibly Britain and France would veto the proposal.

The sanctions resolution, introduced after 10 days of debate, was modified to eliminate a call for UN members to cut off all trade with Israel. But it would call on member states to break diplomatic relations with Israel, and sanctions remaining in the resolution would embargo all military aid, as well as "economic, financial and technological assistance."

"We have nine votes, possibly 10," the Jordanian envoy said after a brief council debate. "There might be two or three abstentions and two or three vetoes."

Two council members and three other speakers used the debate to denounce the Israeli annexation, announced Dec. 14, of the Syrian territory that has been occupied by Israel since the 1967 Middle East war.

On Thursday, the Security Council postponed a vote on the resolution until Friday. The delay

was requested by the United States, council members said after conferring privately.

Nine is the required minimum to adopt a resolution. However, any of the five permanent members of the council can veto a resolution no matter how large the majority.

The Soviet Union and China, both permanent members, are expected to support the resolution, along with Guyana, Jordan, Panama, Poland, Spain, Togo, Uganda and Zaire. Spain's support for sanctions would mark a break in the customary unity of West European states.

The elimination of the ban on trade was agreed upon at a caucus of Arab states Tuesday. Mr. Nuseibeh said it was removed in order to ensure the minimum nine votes, with Panama understood to have joined the majority once the measure was changed.

A U.S. official said the elimination of trade sanctions made no difference in Washington's view. He said the United States found unacceptable the proposed resolution's condemnation of Israel and the inclusion of any sanctions.

A spokesman for the British delegation predicted that Britain would veto any attempt to impose sanctions on Israel. A French spokesman said it was possible that his government might also cast a veto, or at least abstain.

Sanctions against a UN member

Begin's Rating Slips Following Move on Golan

United Press International

TEL AVIV — Prime Minister Menachem Begin's popularity slipped 10 percent in an opinion poll taken two weeks after Israel annexed the Golan Heights, the newspaper Yediot Aharanot reported Thursday.

The poll, conducted between Dec. 23 and 30, asked 1,250 adults to grade the prime minister's performance and to name the political figure they thought best suited for the position.

Mr. Begin still led the field by a wide margin with 42.3 percent, but his showing was 10 percentage points less than the 52.3 percent he received in a sampling in November.

state have been adopted only once before, in a ban on arms sales to South Africa.

Soviet, Syrian Ministers Meet

MOSCOW (UPI) — Foreign Minister Andrei A. Gromyko and Syrian Foreign Minister Abdel Halim Khaddam met Thursday to discuss how to respond to the Israeli annexation of the Golan Heights, Tass said.

"It was pointed out that Israel's provocative attempt to legitimize the annexation of Syria's Golan Heights is a direct consequence of the anti-Arab Camp David collusion," Tass said. Diplomatic sources said Mr. Khaddam would ask for coordinated foreign policy in the region and more military aid.

Spain Drops Joint Chiefs Of Military

Unexpected Decision Termed 'Opportunistic'

Reuters

MADRID — The joint chiefs of staff of the Spanish armed forces will be replaced Friday, the Defense Ministry announced Thursday.

A statement described the surprise move as a "normal and opportunistic change" and said the four officers had agreed to it. It said they were nearing the age of retirement and it was convenient to replace them before Spain started negotiations for entry into NATO.

The president of the joint chiefs is air force Lt. Gen. Ignacio Alfaro Arregui. The three other officers are Lt. Gen. Jose Cabreris Montero, the army chief of staff, navy chief Adm. Luis Arevalo Pelaez, and air force chief Lt. Gen. Emilio Alfaro Arregui.

The statement said the superior councils of the army, air force and navy met Thursday to draft lists from which the Cabinet would pick their successors. It said Premier Leopoldo Calvo Sotelo had "weighed up all current circumstances" before deciding to replace them.

Facing Court-Martial

More than 30 military officers, including three generals, are to go before a court-martial, possibly next month, charged with military rebellion in connection with an attempted coup last February.

Mr. Calvo Sotelo and Defense Minister Alberto Oliart were meeting with King Juan Carlos I at the Zarzuela palace outside Madrid. Official sources said they would inform the monarch, commander in chief of the armed forces, of the appointments.

The February plot attempt collapsed after the king firmly defended Spain's six-year-old democracy.

Signs of unrest among the military have surfaced several times in the past few months, and 100 junior and noncommissioned officers published a manifesto last month in favor of the coup leaders.

King Juan Carlos told the generals earlier this month that no one should try to become the savior of his fellow countrymen against their free will.

Hoxha Reported To Name Premier

The Associated Press

VIENNA — Albanian Communist Party chief Enver Hoxha nominated a new premier Thursday, and his appearance before parliament in Tirana quashed rumors that he had been killed in a gunfight, the Austrian press agency reported.

Quoting a broadcast by Albanian radio, it said Mr. Hoxha nominated First Deputy Premier Adil Canani, 60, to fill the post of Premier Mehmet Shehu, who reportedly committed suicide last month.

There had been unconfirmed reports that Mr. Hoxha died of wounds suffered in a gunfight with Mr. Shehu.

Radio Tirana reported Dec. 18 that Mr. Shehu had fatally shot himself during a period of intense nervous strain.

Juan Carlos Note Is Issued

MADRID — The first paper money bearing a portrait of King Juan Carlos I, a 5,000-peseta note, was issued on Thursday.

The Associated Press

These plans have been largely thwarted by Congress, whose members enjoy the convenience of close-in national, where they have free parking spaces near the terminals. Unlike other airports, National is owned and operated by the Federal Aviation Administration.

Although tiny in area, with only 710 acres, National is the 10th busiest airport in the United States and the 16th busiest in the world. It handles about 15.1 million passengers a year, compared with only

Russia Reports a New Case Of Anthrax Near Sverdlovsk

By Dusko Doder

Washington Post Service

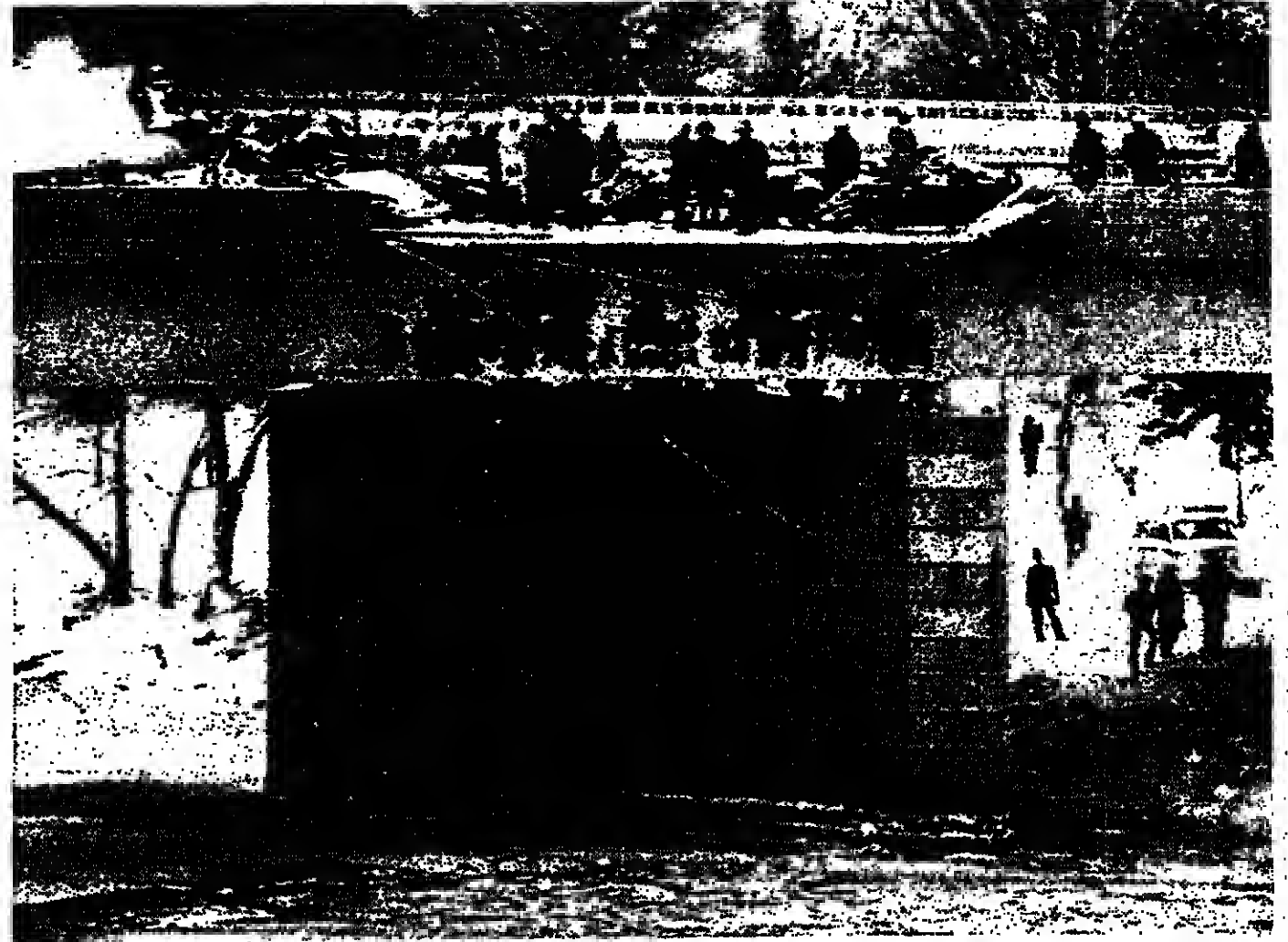
MOSCOW — Another incidence of deadly anthrax was reported in the Ural's Thursday near the city of Sverdlovsk where an outbreak of the disease among cattle three years ago was reported to have led to an unspecified number of human deaths.

The newspaper Sovetskaya Rossiya said the new outbreak was confined to a collective farm in the Perm region, about 150 miles (240 kilometers) northwest of Sverdlovsk. It said only one cow had died and no people were infected. The report did not specify when the outbreak took place.

The Soviet Union suffered an embarrassment when the Sverdlovsk incident was first reported in the Western press nearly a year after it took place.

The United States charged in the spring of 1980 that circumstantial evidence suggested that the agent in the Sverdlovsk accident was a highly potent bacteria that causes anthrax. Anthrax is almost always fatal to human beings when inhaled. There were suggestions that such bacteriological agents were being produced at Sverdlovsk and that the Soviet Union may be violating a 1975 agreement banning development, production or stockpiling of toxins.

The Soviet government categorically rejected suggestions that it was violating the agreement and dismissed Western speculations



Rescue workers searched through the wreckage on Washington's 14th Street Bridge after a jetliner hit the structure.

76 Die in Washington Plane Crash

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transportation board's bureau of accident investigations said the de-icing solution sprayed on the plane during a turnaround from Florida had been impounded. He said samples also were taken from fuel tanks used to supply the plane.

The Federal Aviation Administration said there was no reason to suspect an air traffic controller er-

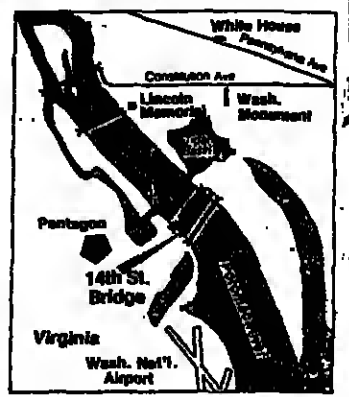
ror for the crash, the first involving a major airline since thousands of unlicensed controllers were fired last August. "From preliminary information, it has absolutely nothing to do with the air traffic controllers," a spokesman said.

Less than 30 minutes after the Air Florida crash, a subway system on Washington's Metro system backed a packed train that had started down the wrong track into

a concrete divider, killing three persons and injuring two dozen others.

The accident, coupled with the plane crash, severely taxed the city's emergency services. Rescue teams from the Maryland suburbs and Bolling Air Force Base were summoned to the scene of the subway wreck.

The subway system began operations in 1976.



Accord Is Reported on Sinai Force

Washington Post Service

JERUSALEM — Israeli sources say Britain, France, Italy and the Netherlands appear to have satisfied Israel's demand that they not link their participation in a Sinai peacekeeping force to any European peace initiative that conflicts with the Camp David peace process.

The sources said Wednesday that the four countries had sent letters formally agreeing to participate in the 2,500-member force, which will patrol the Sinai Peninsula after Israel completes its withdrawal on April 25.

The four pulled back from their original contention that participa-

tion in the U.S.-sponsored force was linked to the European Economic Community's Venice declaration of June, 1980, which said that the Palestine Liberation Organization must be involved in a comprehensive Middle East peace agreement.

The four countries subscribed, in effect, to a joint U.S.-Israeli statement in November saying that the Camp David peace accords are the basis for the force and that the Venice declaration is not relevant to participation in the force.

An Israeli Foreign Ministry official said the letters of participation, which were not identical, would be considered by the Israeli

Cabinet on Sunday. He said that the letters were studied by Foreign Minister Yitzhak Shamir and that there would be no official Israeli reaction until Sunday.

The U.S.-Israeli statement on the multinational force was drafted in November after Mr. Shamir flew to Washington at the request of U.S. Secretary of State Alexander M. Haig Jr.

Israel's former rejection of the four European countries has been expected to make it difficult for the United States to enlist Canada, Australia and New Zealand, who agreed to participate only with the involvement of the EEC countries.

Thatcher's Son Is Found Unhurt After Being Lost in Sahara 6 Days

The Associated Press

ALGERS — Mark Thatcher, the son of British Prime Minister Margaret Thatcher, was found unhurt by an Algerian rescue team in the Sahara on Thursday, six days after he disappeared in a car rally, the British Embassy reported.

"He is found, is safe and is in good health, as are his companions," an embassy spokesman said. Premier Mohammed Abdelkader telephoned Mrs. Thatcher in London to inform her that her son had been found in the desert in southern Algeria about 250 miles (400 kilometers) from the town of Tamanrasset.

Rescued along with Mr. Thatcher, 28, were his French co-driver, Amy-Charlotte Verney, 38, and their mechanic, Claude Garnier. They had been spotted, along with their Peugeot 504 rally car, earlier in the day by an Algerian Air Force pilot.

The embassy spokesman said Algerian border guards took the



Mark Thatcher

three to the town of Timiaouine, near the border with Mali, where they were met by the race organizer, Thierry Sabine.

The race headquarters in Paris

U.S. Toughens Line on Trade With Russia

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sians want to build with Western credits and equipment to transport natural gas from western Siberia to Western Europe.

West European governments, led by West Germany, support the project, arguing that it will lessen European energy dependency on Middle Eastern sources.

Mr. Brady said the importance of the project went far beyond any Soviet desire to engage in energy diplomacy. "The pipeline constitutes an economic lifeline for the West which offers perhaps the final opportunity for the Soviet leadership to bail out a bankrupt and failing system," he said.

Broadening its oil and gas equipment controls, the administration has already banned shipments by the General Electric Co. of \$175 million of components for gas turbine compressors that were to have been built in Europe for the pipeline.

It has also halted the Caterpillar Tractor Co. from completing an \$80-million contract to supply the Soviet Union with 200 pipe-laying machines for the line.

Many industrialists question the wisdom of sanctions by the United States alone, noting that the Soviet Union can then shop in other

Western countries for equivalent products.

It was for this reason that next week's meeting of the Cocom partners in Paris is considered so significant.

Administration officials calculate that the Russians would earn \$5 billion a year from gas sales to Western Europe if the pipeline is completed. This, they contend, would increase the Soviet ability to purchase computers, advanced electronics equipment and other high technology products.

"We must never forget the words of Vladimir Lenin, who prophesied that the capitalists would gladly sell the rope with which they would be hung. The Siberian pipeline represents such a rope," Mr. Brady said.

So concerned is the U.S. govern-

ment over technology transfers that the Central Intelligence Agency, officials reported, has recently set up a special center to monitor such transfers and assess the effects on Soviet military develop-

ment. Mr. Brady said the Soviet intelligence services operated a "vast covert apparatus in the West whose function is to procure, legally or illegally, the most advanced technology available."

He said Soviet firms and trade ministries had cultivated "a vast network of influence" in Western countries to maintain a continuity in U.S.-Soviet commercial relations "even when security needs in the West demand policy adjustments."

He said also that Soviet leaders were "inventing a new style of doublepeak to confuse the West."

"While they threaten Europe with economic sanctions, they denounce the United States for its 'unacceptable' use of the trade weapon," he pointed out. "I think we are far too sophisticated to fall for Soviet big lie techniques."

U.S. trade exchanges with the Soviet Union shrunk sharply after sanctions were imposed in January, 1980, by the Carter administration following the Soviet intervention in Afghanistan.

Mr. Kohl said that there had been tragic disunity within NATO over the last month and that Mr. Schmidt and his party were significantly responsible.

He cited a French-West German statement from February, 1980, in which both governments agreed that détente could not withstand another blow like the Soviet intervention in Afghanistan. "How far have we fallen," Mr. Kohl asked the chancellor, "when you won't recognize official documents two years later?"

He noted that, on Monday, the day that NATO foreign ministers prepared a catalogue of possible economic sanctions, Willy Brandt, chairman of the Social Democratic Party, was reporting that West Germany would have no part of them.

WORLD NEWS BRIEFS

Reagan Refuses Blame for Recession

NEW YORK — President Reagan disclaimed responsibility Thursday for the current recession, telling 1,600 business and civic leaders at a luncheon that his administration was "a cleanup crew for those who went on a consumption binge and left the tab for us to pick up."

Mr. Reagan promised that the recession would end "faster than expected." He also called for the private sector to take over some social services. The group he addressed, the New York City Partnership, a coalition of civic and business leaders headed by David Rockefeller, the chairman of Chase Manhattan Bank, is privately sponsoring almost 14,000 jobs for youths.

After the luncheon, Mr. Reagan met briefly for the first time with the new UN secretary-general, Javier Pérez de Cuellar, and with the chief U.S. representative to the United Nations, Jeane J. Kirkpatrick.

Ruling Council in Ghana Frees 38

ACCRA, Ghana — The ruling Provisional National Defense Council has released 38 persons from custody, including four former ministers and 32 legislators, two weeks after a military coup deposed Ghana's civilian government.

An announcement late Wednesday said George Benneh, a former finance and economic planning minister, was among those freed. Mr. Benneh had turned himself over to authorities after the Dec. 31 coup in which Jerry J. Rawlings, a former air force lieutenant, took power for the second time in three years.

Others released were Joe Reinhold, a former justice minister and attorney general; K.S.P. Jantuah, a former interior minister; and Francis Acquah, formerly head of youth and rural development. Sixty-four deputies of a 140-seat parliament are reported to have surrendered to authorities. The fate of the others is not known, but about 30 are believed to have escaped to Nigeria.

Ecevit Acquitted of Slander Charge

ANKARA — Former Turkish Premier Bulent Ecevit was acquitted Thursday of slandering the former government of Suleyman Demirel in the mid-1970s when he was opposition leader.

A civil court found Mr. Ecevit, 56, not guilty of the charges in a session lasting less than an hour. He had been accused of calling the government treacherous and fascist.

Mr. Ecevit was taken to the court from Ankara civilian prison, where he is serving a three-month sentence imposed by the military for violating a decree against public statements by former politicians. Both Mr. Ecevit and Mr. Demirel, as well as other political leaders, had civil actions pending against them before the military coup in September 1980. But the cases were not brought because of ministerial immunity. The military authorities ordered the cases reopened.

U.K. Miners Begin Vote on Pay Offer

LONDON — Britain's 216,000 miners began voting Thursday whether to accept the offer of a 9.5-percent pay increase or authorize their union to order a walkout.

The executive of the National Union of Mineworkers has called on its members to reject the offer by the National Coal Board, which runs the state-owned industry. Under union rules, a 55-percent majority is required before a strike can be called.

Sir Derek Ezra, the coal board chairman, has appealed to the mine to accept the board's offer, saying that it cannot pay more and that to do so would mean loss of jobs. His appeal was backed by Joe Gornley, a moderate outgoing president of the union, who argued that a still would cost the miners wages and jeopardize coal board plans to expand the industry.

Pakistan Holds 480 Suspected Rebel

ISLAMABAD, Pakistan — Pakistani authorities have arrested 480 suspected members of an organization that wants to overthrow the military government of President Mohammed Zia ul-Haq. Interior Minister Ma moud a Haroon said here Thursday.

Mr. Haroon said the suspects were in police custody for their association with the al-Zulfikar organization. Pakistani authorities have said the organization is based in Kabul and led by Murtaza Bhutto, eldest son of Zulfikar Ali Bhutto, the former prime minister who was executed in 1979.

Harvard Gift Believed to Be Record

BOSTON — Harvard University has disclosed that as a result of merger agreement, a bequest by an alumnus 15 years ago has become what is believed to be the largest single gift in the history of American education.

Harvard said Wednesday that its approximately 1.5 million shares Mallinckrodt Inc. would be worth \$77 million when Avon Products acquired the St. Louis-based chemical and health care products company this month.

Edward Mallinckrodt Jr., the company's chairman, who died in 1947, left the shares as part of a trust to Harvard.

In St. Louis, a Mallinckrodt shareholder filed a lawsuit in federal court to prevent the takeover by Avon. The lawsuit said Mallinckrodt officials agreed to the takeover because on Jan. 18 they would lose vote control over some shares held in trust to benefit Harvard and Washington University in St. Louis.

Secret Recordings by Roosevelt in 1940 Reveal Thoughts on War and Politics

By Leslie Bennetts

New York Times Service

NEW YORK — President Franklin D. Roosevelt used a secret device to record news conferences in the Oval Office of the White House for 11 weeks during his 1940 re-election campaign, according to a history professor who has spent the last three years studying the recordings. Some private conversations were also recorded, apparently inadvertently.

The recordings, which have been stored at the Franklin D. Roosevelt Library at Hyde Park, N.Y., for more than 30 years, amount to about eight hours of material, most of it from the 14 press conferences held in the Oval Office between Aug. 23 and Nov. 8, 1940.

In the recordings of private conversations, Roosevelt commented on a wide range of subjects. He cited the American public's readiness "to pull the trigger if the Japs do anything" and complained on another occasion about the "fascist" propaganda techniques of Wendell L. Willkie, a Republican contender for the presidency.

He referred to an extramarital affair that Willkie was reportedly having and contended that Jimmy Walker, while mayor of New York, had been "grossly deceived" to spend a weekend with Walker in Albany to maintain appearances at a time when the mayor was assertedly having a public affair with, as Roosevelt put it, an "extremely at-



Roosevelt addressing the nation in one of his fireside chats.

tractive little tart" in New York City.

The recordings, which were made on film sound track — although no film was shot — were uncovered in 1978 by R.J.C. Butow, a professor of history and international studies at the University of Washington. Tape recording did not come into use in the United States until after World War II. Mr. Butow has published his ac-

count of the conversations in the February-March issue of American Heritage magazine. According to the professor, Roosevelt decided he needed to keep track of what was said in the Oval Office after he reportedly was misquoted in press accounts of a confidential 1939 meeting with the Senate Military Affairs Committee.

The experimental recording device was given to the president by

David Sarnoff, head of the Radio Corporation of America (now RCA Corp.). The device was installed in the summer of 1940 in the basement directly below the Oval Office.

A microphone was hidden in the president's desk lamp. The system was turned on and off for news conferences by Henry Kanner, the president's stenographer. A ground rule of the news conference was that Roosevelt could not be quoted directly.

Unrecorded Moments

The purpose of the recording device "was to protect FDR from being misquoted during the 1940 campaign," said Arthur Schlesinger Jr., the historian, who wrote an introduction to Mr. Butow's article and appeared with him at a news conference Wednesday.

"Once the campaign was over," Mr. Schlesinger went on, "there was no reason to continue it. Why the rest of the conversations were recorded is a mystery." While the recordings do not seem to contain "any great historical revelations," in Mr. Schlesinger's view, they do provide glimpses of Roosevelt's attitudes and personality in unguarded moments.

On Oct. 2, 1940, for example, the president was discussing with unidentified associates a telegram to Roy Howard of the Scripps-Howard newspaper chain "from this chief of the Japanese press association" in which the press offi-

cial "said the damndest thing that ever happened," according to the president.

"It may stir up bad feeling in this country," Roosevelt said, "and this country is ready to pull the trigger if the Japs do anything. I mean we won't stand any nonsense — public opinion won't, in this country — from the Japs if they do some fool thing. Now, this fellow writes to Roy and says there will be no war with the United States — I'm quoting from memory — on one condition, and one condition only. And that is that the United States will recognize the new era in — out the Far East but the East, meaning the whole of the East."

In an Oct. 4 conversation with House Speaker Sam Rayburn of Texas and Rep. John W. McCormack, Democrat of Massachusetts, Roosevelt talked about a statement by the Japanese premier that Japan "would regard it as an act of war if we were to give aid and comfort to any of the enemies of Japan."

The president said that if Hitler and Mussolini sent him an ultimatum of that sort, he would reply this way: "I'll say: 'I'm terribly sorry. We don't want any war with you. We have contracts, and under our neutrality laws any belligerent has a right to come and buy things in this country and take 'em away.' They'll thereupon say: 'Well, if after such a reasonable date you are continuing to ship munitions to England — and planes — we will regard you as a belligerent.'"

He went on: "All right, what have we got to say on this? I'll say: 'I'm terribly sorry. We don't consider ourselves belligerent. We're not going to declare war on you. If you regard us as a belligerent, we're dreadfully sorry for you, because we don't. Now, all we can say to you is that, of course, if you act on that assumption — that we're a belligerent — and make any form of any attack on us — we're going to defend our own — we're going to defend our own — and nothing further.'"

In the same conversation, the president also aired his views on his Republican challenger, Willkie.

"Of course," Roosevelt said, "the trouble with Willkie, as you know, his whole campaign — the reason he's losing — is that he will say anything to please the individual or the audience that he happens to talk to. It makes no difference what he's promised. JPM will come in and say, 'Now, Mr. Willkie, please, will you, if elected, do this and so?' 'Quite so!' Then somebody else comes in, and he says, 'Of course I won't.' Mr. Butow speculated that JPM referred to J.P. Morgan, the financier.

At another point, Roosevelt described a conversation with "old Sam Rosenman," a presidential adviser, in which Rosenman "got off a very searching remark." Rosenman, the president recounted, said "that Willkie is using the tactics of Hitler." Roosevelt continued: "Fascism. Hitler's fascism.

Nazism. Based upon the iteration and reiteration of the same thing — so often that after awhile people are going to believe it."

"I'm going to put 9 million men at work. That's very, very nice. I'm going to put 9 million men at work. That's very, very nice. And after he's said it 30 or 40 times, he's made a real issue of it. 'Willkie's fellow who's going to put 9 million men to work — I'll vote for him.' It's the iteration — promise, promise, promise every single morning, noon and night. After a while people get to believe it."

In an earlier conversation, believed to have taken place in late August, Roosevelt discussed the use of political rumors with an aide, Lowell Mellett. He mentioned a rumor planted by political opponents that Warren G. Harding's grandmother was black, and then Roosevelt went on to consider the possibility of encouraging talk about Willkie's rumored affair with a woman prominent in New York literary circles.

"Spread it as a word-of-mouth thing, or by some people way, way down the line," Roosevelt said. "We can't have any of our principal speakers refer to it, but the people down the line can get it out. I mean the Congress speakers, and state speakers, and so forth. They can use the raw material. Now, now, if they want to play dirty politics in the end, we've got our own people.

"Now you'd be amazed at how this story about the gal is spreading around the country. A wild nice gal, writes for the magazine and so forth and so on, a book reviewer. But nevertheless there is the fact. And one good way of bringing it out is by calling attention to the parallel in conversation."

"Jimmy Walker, once upon a time, was living openly with this gal all over New York, including the house across the street from me. She was an extremely attractive little tart. Jimmy and his wife had separated — for all intents and purposes they had separated. And it came to my trial."

The president was referring to the hearings on Walker's proposed removal from office in 1932, when Roosevelt was governor of New York. The president continued: "Jimmy goes and hires his former wife for \$10,000 to come up to Albany on a Saturday — Jimmy was a good Catholic, and he hadn't been to church in five whole years — and he paid his wife \$10,000 to go up there, to Albany, on a Friday afternoon after my trial had finished for the week — we were to go on Monday. Jimmy had never spent a Sunday in Albany in his life, but Mrs. Walker comes up to Albany, lives with him ostensibly in the same suite in the hotel, and on Sunday the two of them go to Mass at the Albany Cathedral together. Price? \$10,000."

According to Mr. Butow, the recording device remained in the White House throughout the remainder of the Roosevelt administration, but was apparently not used after Roosevelt was re-elected in 1940.

U.S. Boxing Promoter Convicted Of \$21.3-Million Embezzlement

LOS ANGELES — Harold Rossfields Smith, a boxing promoter who spent millions of dollars on fight purses, and a second defendant have been convicted of embezzling \$21.3 million in one of the biggest bank fraud schemes in U.S. history.

Mr. Smith, 38, who was also known as Ross E. Fields, was found guilty after a seven-week trial on 29 counts of embezzlement, conspiracy and interstate transportation of property taken by fraud. He could be sentenced to up to 200 years in prison. His co-defendant, Sammie Marshall, 36, a former bank employee, was found guilty on three counts and could be sentenced to up to 15 years in jail.

The U.S. District Court jury of eight men and four women announced its verdict after eight days of deliberation.

Mr. Smith had paid Muhammad Ali, the former world heavyweight champion, a fee for the use of his name in Mr. Smith's promotional venture, which was called Muhammad Ali Professional Sports Inc., or MAPS, but Mr. Ali was not involved in the company's operations.

After Mr. Smith's arrest last spring, Mr. Ali dissociated himself from the promoter, but he was in the courtroom on one of the final days of the trial and told reporters that he supported Mr. Smith.

He Maintains Innocence

Mr. Smith told reporters after leaving the courtroom, "Whatever happens to me, I'm a man, and I'm willing to take it." Asked if he still maintained that he was not guilty, he replied, "Absolutely." His attorney, Howard Moore Jr., said no decision had been made on an appeal. Mr. Smith had asserted that he obtained money from the Wells Fargo Bank through a valid line of credit. The bank denied that such a credit line existed.

A former rock music promoter, Mr. Smith emerged in 1978 as one of the most powerful promoters in professional boxing with a seemingly unlimited amount of money to pay in purses.

When the embezzlement charges surfaced last January, Mr. Smith had a small jet, a \$72,000 yacht, a horse-racing stable, luxurious automobiles and a home in Brentwood, an affluent area of Los Angeles.

Judge Consuelo Marshall scheduled sentencing for March 9 and denied a request by Dean B. Allison, an assistant U.S. attorney, to revoke Mr. Smith's \$250,000 bail. Mr. Allison said later that he believed Mr. Smith might attempt to flee before sentencing.

Mr. Allison said that he did not believe any of the missing money would be recovered, adding that an investigation by the government had indicated that Mr. Smith and Muhammad Ali Professional Sports had spent more than \$27 million, including revenues from fight promotions, before the bank discovered the embezzlement.

Key Witness

The key witness at the trial was L. Ben Lewis, a former officer of a Wells Fargo branch in Beverly Hills who was once a close friend of Mr. Smith. He testified that at Mr. Smith's direction he had manipulated an interbank accounting system that monitored the flow of funds between Wells Fargo branches and that the money had been used to finance a plan to gain a monopoly on championship fight promotion in the United States.

The indictment alleged that Mr. Smith arranged with Mr. Marshall and Mr. Lewis to "divert and secrete" certain checks that Mr. Smith cashed at a bank branch so they would not be charged against his account.

Fictitious bank entries were used to make it appear that funds

credited to Mr. Smith were transferred from another bank branch, the indictment alleged.

Mr. Smith did not testify at his trial.

Another Investigation

LOS ANGELES (LAT) — The Los Angeles businessman who promoted Muhammad Ali's comeback fight Dec. 11 in Nassau is a convicted felon and the target of an FBI bank fraud investigation in Atlanta, the Los Angeles Times has learned.

James Anthony Cornelius, 35, moved his family and belongings out of a rented \$500,000 house near Mr. Ali's mansion in Los Angeles several weeks ago and took up residence in the Bahamas. It was the second time in less than a year that Mr. Ali's name has been linked to a boxing promoter who was the target of bank fraud investigation, the first being Mr. Smith.

Mr. Smith told a reporter that he had seen Mr. Cornelius on several occasions but insisted that he was not behind Mr. Ali's fight in the Bahamas. There is no evidence that Mr. Smith was connected with that match.

Mr. Cornelius is the president of Sports International Ltd., a Bahamian corporation that claimed to have the "full sanction" of the Bahamian government to put on the bout.

U.S. businessmen reportedly invested millions of dollars with Sports International. In the fight, Mr. Ali lost a 10-round decision to Trevor Berbick of Canada.

Reached in the Bahamas, Mr. Cornelius refused to be interviewed.

Court records in Atlanta show that Mr. Cornelius pleaded guilty in 1975 to five counts of theft in connection with a used car dealership that he ran. He was placed on probation for five years. He agreed to pay back about \$23,000 to individuals and banks.



Harold Rossfields Smith

Meanwhile, an FBI agent in Atlanta has confirmed that there is a "continuing investigation" into Mr. Cornelius' dealings with Trust Company Bank and several other Georgia banks. The agent refused to elaborate but suggested that the probe focuses on a possible misappropriation of funds involving a bank employee and Mr. Cornelius.

Police records in Atlanta show that Mr. Cornelius has been arrested nine times since 1968 on bad check, larceny and other charges. When asked if he knew of Mr. Cornelius' background, Mr. Ali said: "He never showed me on reason that he was taking me for a ride. He just tried to make some money. I don't know nothing negative about him."

Mr. Cornelius had stepped in to orchestrate Mr. Ali's comeback, even though major promoters across the country refused to handle the fight and he was unable to get a license to fight in most places. The consensus was that Mr. Ali was too old to fight again and could be hurt seriously if he did.

U.S. High Court Ruling on Arrest Widens Scope of Entry by Police

By Jim Mann

Los Angeles Times Service

WASHINGTON — The Supreme Court has ruled 6-3 that following an arrest, police may monitor the actions of an individual and follow him into his private home or apartment, using evidence they see there against other persons as well.

In a decision by Chief Justice Warren E. Burger, the court said Wednesday the risks of danger involved whenever a police officer makes an arrest justify his entry into areas that might otherwise be considered private.

"The officer's need to ensure his own safety, as well as the integrity of the arrest, is compelling," the chief justice said.

The ruling gives police somewhat more authority to enter private homes or apartments without a warrant. However, because of the unusual nature and circumstances of the case in which the court ruled, the impact of the ruling may be limited.

Proof of Age

The case arose when campus police at Washington State University stopped a student, Carl Overdahl, outside his dormitory. He was carrying a half-gallon bottle of gin. A police officer thought Mr. Overdahl appeared to be under 21,

the legal drinking age in Washington, and asked him for proof of age.

Mr. Overdahl said his identification cards were in his room. The police officer allowed him to get the cards, but accompanied him to the 11th-floor dormitory room.

From outside the room, the policeman noticed seeds and a small pipe lying on a desk inside. One of Mr. Overdahl's roommates, Neil M. Christman, was inside the room, and the policeman thought he appeared nervous.

Suspicious of possible drug use, the policeman entered the room and found that the seeds were marijuana seeds. A search of the room turned up plastic bags with marijuana and some LSD pills.

Mr. Christman was eventually found guilty of possessing marijuana and LSD, but the Washington Supreme Court reversed the conviction. The state court said the campus police officer who arrested Mr. Overdahl had no right to enter the dormitory room without a warrant.

The high court disagreed and reinstated Mr. Christman's conviction. It decided that once Mr. Overdahl was stopped and asked for identification, he was legally under arrest. Because he was under arrest, the court reasoned, police had the right to accompany him

into his room. And once in the room, the officer had a right to seize any contraband that was in plain view.

Joining in Justice Burger's decision were Justices William H. Rehnquist, Sandra Day O'Connor, Lewis F. Powell Jr., John Paul Stevens and Harry A. Blackmun. The dissenters were Justices Byron R. White, William J. Brennan Jr. and Thurgood Marshall.

In his dissent, Justice White said the court should not have adopted a flat rule that an officer may always stay "at the arrestee's elbow." He said the lower courts should have been ordered to examine whether the officer had some special reason for staying so close to Mr. Overdahl and entering the dorm room.

Also on Wednesday, the court dismissed an appeal by Princeton University from a New Jersey court ruling that the university said violated its rights.

Princeton had claimed that a state court decision that required it to permit persons to distribute political leaflets on its campus violated what the university called its First Amendment right to academic freedom. The justices did not rule on the issue, instead, they dismissed the case on grounds that Princeton had no legal standing to appeal.

ERA Is Dealt 2 Defeats on Ratification

The Associated Press

WASHINGTON — The proposed Equal Rights Amendment has been dealt major setbacks by legislators in Oklahoma and Illinois, and with just five months before the ratification deadline some opponents say the proposal probably is dead in those states.

Despite support for the ERA from the governors of both states, the Oklahoma Senate refused to ratify the amendment Wednesday, and Democratic leaders in Illinois could not find enough support for a rules change critical to passage.

Supporters of the ERA, which would ban discrimination on the basis of sex, said they would try again in both legislatures.

Eleanor Smeal, national president of the National Organization for Women, said in Oklahoma "City that failure of the measure in Oklahoma would not end its chances for approval."

The setbacks were the first major tests of the amendment since U.S. District Judge Marion Callister in Idaho ruled in December that Congress lacked authority to extend the original ratification deadline of 1979, and that five states that rescinded ERA approval acted constitutionally.

The ERA has been approved by 35 states — including the five that rescinded. The measure would have to be approved by 38 states by June 30 for it to become part of the U.S. Constitution.

ERA supporters want the requirement that a three-fifths majority is needed to ratify proposed constitutional amendments changed to a simple majority.

After the Oklahoma Senate voted 27-21 against the measure, Senate President Pro Tempore Marvin York, a Democrat, said there still was a chance the ERA could be passed.

His motion for reconsideration must be voted on by Tuesday; if it passes, the ERA could again be brought to the Senate.

Gandhi Offers an Economic Plan, Cites Need for More Arms Funds

The Associated Press

NEW DELHI — Prime Minister Indira Gandhi presented a 20-point program Thursday night to bring prosperity to India's masses, but she said greater military expenditures would be needed to compete with Pakistan.

In a nationwide broadcast marking the end of the second year of the current term, Mrs. Gandhi outlined a modified version of a 1975 plan for moving the country forward. The revised program puts more emphasis on production.

"Our economy is on the move. It is in our hands to maintain the improvement to lighten the burdens of our millions," she said. Her program calls for agricultural advances, help for the disadvantaged, wider educational opportunities, better health care, and more efficient state enterprises.

"Had Pakistan not chosen this time to acquire such sophisticated arms, 1982 would have been a year of even greater advance for us," she said. "As it is, we have to spend more on defense. In this the nation cannot slacken. All the greater reason for us to work harder and with fuller efficiency."

India has protested the planned U.S. sale to Pakistan of sophisticated weapons, including F-16 fighter planes.

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Reviewing the last two years, Mrs. Gandhi said that when her Congress Party returned to power in January, 1980, India's economy "was in utter chaos." Inflation was dangerously high, the production system was threatened and the stability of the nation was in peril, she said.

In the last nine months, Mrs. Gandhi said, there have been marked gains in the production of electricity, coal, cement, fertilizer and oil, and in railroad freight movement.

Official Convicted in Bombay

NEW DELHI (NYT) — Prime Minister Indira Gandhi has accepted the resignation of A.R. An-

thony, a close political supporter in Bombay, after he was found guilty of extortion.

Opponents of Mr. Anthony, the chief minister of Maharashtra, state, danced in the streets in Bombay on Tuesday night to celebrate his resignation.

Mr. Anthony, a lawyer who became chief minister in 1980 with the backing of Mrs. Gandhi, was convicted of collecting millions of dollars from private businesses and government-run companies in the state for five private trusts that he controlled.

In a 70-page judgment, Justice B. Lentin of the Bombay High Court said that a connection between the donations and government allocations of raw materials had been established.

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China Says Taiwan Deal 'Menaces' Ties to U.S., But New Talks Are Seen

The Associated Press

PEKING — President Reagan's decision to sell additional military planes to Taiwan "is menacing the development of Sino-U.S. relations," China said Thursday in reaction to Washington's decision to continue the sales, but the official press agency also said that talks between the two countries would continue.

The press agency strongly rejected any suggestion that Washington's decision against selling a more sophisticated fighter in Taiwan amounted to a concession to Peking. But the agency, reporting on a visit by a high-ranking U.S. official, said talks on international issues would continue in both Washington and Peking.

The diplomat, John H. Holdridge, ended a visit here Wednesday, and nothing was said publicly about retaliation for Washington's announcement that it would take further steps "to sell Taiwan items necessary for self-defense." A Western analyst said the decision against selling Taiwan a new fighter appeared to have forestalled a downgrading of relations with Washington.

In Washington, the State Department said Wednesday that Mr. Holdridge's mission was "useful and a success." The Washington Post reported, suggesting that continuing disagreement on the Taiwan issue was not likely to bring relations to a crisis point at this time.

[State Department officials said the "positive and productive" discussions begun by Mr. Holdridge would continue in diplomatic channels in both Peking and Washington, indicating a continuing effort to reach an accommodation on the issue.

A permanent solution seems unlikely since China objects as a matter of principle to the arming of Taiwan and the United States is committed by both foreign policy and law to meeting Taiwan's defense needs on a continuing basis.]

'Rigorous Test'

The official press agency in Peking said Washington intended to continue selling old-model jet fighters to the Nationalists on Taiwan. "The problem has reached a point calling for an immediate solution and the Chinese-American relationship is facing a rigorous test," the press agency said.

The reaction came after three days of U.S.-Chinese talks on the issue ended Wednesday. Chinese officials said only that talks on international and bilateral issues would continue in Washington and Peking. Mr. Holdridge, an assistant secretary of state, said that his meetings with Deputy Premier Ji Pengfei and other officials were "constructive, positive and useful."

On Tuesday, China lodged a "strong protest" over the announcement of plans by the United States to continue selling F-5E jets to Taiwan. It has not commented publicly on the decision by President Reagan against selling Taiwan a new generation of more sophisticated planes.

China argues that there is no need to sell Taiwan arms because Peking is offering peaceful reunification proposals that would let Taiwan keep its own army and run its local affairs without being forced to adopt socialism.

A Foreign Ministry spokesman said the Holdridge talks "covered the main aspects of our bilateral relations, including the question of U.S. arms sales to Taiwan."

China has said that arms sales to Taiwan would lead to a deterioration of relations at a time when the United States needed help in countering Soviet expansion. Last year, Peking downgraded relations with the Netherlands after The Hague approved the sale of two submarines to Taiwan.

Diplomats Says Moscow Fell Short on Food Aid Promise to Cambodia

By William Branigan

WASHINGTON Post Service
BANGKOK — In spite of Soviet efforts to develop closer ties with Cambodia and promises of large-scale assistance, Moscow's food aid to that country last year amounted to less than half the original target, according to Western diplomats and relief officials here.

Moreover, the officials say, the Soviet Union now requires the Cambodians to pay for some of the food shipment with rubber exports from plantations developed with Soviet help. In addition, the officials believe, a significant portion of Moscow's food aid goes to

Vietnamese occupation troops deployed in the country.

The Soviet role in international relief efforts in Cambodia is expected to come under scrutiny next month when Western aid donors meet in New York to consider new aid proposals for 1982. A UN emergency relief program for the Cambodian interior had been scheduled to end on Dec. 31, but a disastrous rice harvest last fall led to predictions of serious shortages in 1982 and prompted UN agency appeals for continued aid.

The Western donor nations last year agreed to continue an aid program for the Thai-Cambodian border area, but demanded further

UN assessments of the situation in the interior before deciding on additional aid at their next meeting scheduled for Feb. 4.

That decision will depend largely on a report by the United Nations World Food Program. According to UN officials here, a UN Food Program team is assembling in Phnom Penh to carry out a two-week assessment of specific food needs, aid distribution and the extent of the food production shortfall.

The question of aid to Cambodia is a complicated one because the Communist government in Phnom Penh, installed three years ago by invading Vietnamese troops, is not recognized by any

Western nation and does not control some parts of the country.

Southeast Asia's non-Communist nations and Western countries have insisted on separate aid for the border area to feed Cambodian followers of resistance groups battling the Vietnamese occupation forces.

If the Western countries approve new relief for the Cambodian interior administered by the Phnom Penh government, UN officials here said, the donors are expected to insist on major changes in the aid program. Instead of an approach to spread the aid around as broadly and quickly as possible, any new program will target specific needs and require more

stringent monitoring of how the supplies are actually used.

"Initially we found the whole place in a hopeless situation, so it made sense to pour it in," a senior official said of the original UN relief program to counter Cambodia's 1979 famine.

Accordingly, proposals have been drawn up to channel food aid to malnourished children, orphans, widows, lactating mothers and other needy groups in six provinces, especially hard hit by crop failures caused by last year's erratic monsoon. The proposals also provide for strict procedures to ensure that deliveries reach their destinations without any diversion for military uses.

The United States has been in the forefront of countries insisting on such changes and has expressed willingness to support new aid for the Cambodian interior if they are implemented, diplomats said.

However, they said, members of the European Economic Community have indicated skepticism about the need for continued relief aid.

A senior UN official here expressed optimism that the donors would "come across for purely humanitarian reasons" and because a failure to do so might cause more Cambodians to drift toward the Western border and increase pressure on Thailand.

In China, Graduates Anxiously Await Job Assignments

Rigidity of Labor System Condemns Some to a Lowly Life in the Hinterlands

By Michael Parks

Los Angeles Times Service

PEKING — To Xiao Li, it came like a sentence of death. "Teacher Chi would like to see you to discuss work assignments," she was told.

Chi, the political adviser for the graduating class, was very solicitous and invited Li to sit and have some tea and cookies. "Then we began talking about patriotism and serving the motherland," Li recalled, "and I knew the rumor was true — I would be sent to a border area to work."

For Li, 23, a history student at one of Peking's major universities, this amounts to virtual exile in undeveloped regions where the climate is hard, supplies are short, and the cultural level is low. She would probably be assigned to work as a junior official in a local government office.

"I don't know what I will do," Li said, asking that her full name not be used. "I wanted a job in Peking in the central government, and I would have been satisfied with something in a smaller city. But going to the frontier is like being sent to a labor camp until you are lucky enough to die."

While most Chinese are preparing to celebrate the lunar new year and what they call the spring festival later this month, this is a time of great anxiety for graduating college students, whose first job assignments are being decided now.

Fun Is Ending

"For many students, this may be their last spring festival at home," said a teacher at Peking's University. "They are very tense, very apprehensive and those who already know that they are going to difficult places are really distraught. Two students at another school have already attempted suicide."

Those anxieties stem from the inflexible nature of the labor system. All urban workers, particularly trained personnel like college graduates, are regarded as state resources, to be allocated wherever they are needed. Although workers may be moved from job to job throughout their careers, in practice most remain with the organizations where they are first assigned.

"It is not like going into the army for two or three or four years to do national service," said an engineering

student from Qinghua University here. "For us, national service lasts an entire lifetime, and that means the first assignment is incredibly important. A good assignment sets you up for life and a bad one can take years to undo, if it ever can be."

As an electrical engineer graduating near the top of his class from China's most prestigious science and engineering school, he has few worries about his future. In fact, he is pondering a choice between graduate studies and going to work immediately in a defense industry research institute.

"I would like to continue here for another two or three years as a graduate student, but the institute has good facilities for both study and applied work," he said. "Besides, it is a very good unit, and an opening there may not come up again."

Unit Is Important

A "good unit" is very important, because the "working unit" perhaps a steel plant with as many as 20,000 employees or a small collective enterprise with only 10, is responsible for the welfare of its workers — their housing, medical care, food supplies, children's educations and recreation facilities, virtually everything.

Most of the graduating students hope to be assigned to big, well-financed units, such as the central government ministries, large industrial enterprises, defense plants, top universities and research institutes that can assure them a good standard of living as well as some prospects of promotion.

"In the United States, seniors typically look at the challenge a job offers and, of course, the pay, and they usually don't mind moving across the country for a good job," said a Chinese-American economist who has been teaching in Peking and Shanghai. "Students here are quite different, and the last thing they seem to want is an adventure of any sort."

"Where an American student would look at a prospective employer in terms of career opportunities, a Chinese student checks the quality of the cooking at the unit's canteens, whether it has its own housing, how far away from his parents he will be. Not one of my students has said he wants a challenging job."

Students here acknowledge that they are conservative, attributing that equally to traditional Chinese attitudes

toward family and work and to the rigidity of socialism's labor system.

"I would go to an undeveloped border area for three, even five years, but only if I knew I could return to the capital," said a Russian-language student, who is hoping for a job as a technical translator although his specialty also makes him a prime candidate for assignment to a military unit along the border with the Soviet Union.

The assignment process began last summer when students filled out forms listing personal details, desired assignments and special family conditions that should be taken into account, such as being an only child whose elderly parents may need help. Those were collated by the schools and local labor bureaus and then matched against requests submitted by various working units for new staff.

The requests for new graduates totaled nearly 2 million, but China last year had only 190,000 college graduates and 100,000 graduates from technical institutes. As a result, the State Planning Commission set priorities for the assignment of graduates in line with overall development goals.

The best students were to go into graduate work and become teachers. Light industry, transport, energy and other key economic sectors were to get priority in the assignment of scientists, technicians and economists. "New and structurally weak organizations" were to be strengthened, the planning commission said, ordering that some graduates be sent to collective enterprises, rather than state industries, and that other small units be apportioned a fair share of graduates.

Anticipating widespread student reluctance to accept such assignments, the government began a campaign six months ago to remind the graduates that they had been educated at state expense and had opportunities very few young Chinese have. Only 1 percent or 2 percent of the population can go to college and polytechnics.

Those refusing their assignments, gambling that the shortage of trained personnel will bring them something better later, will be barred from state employment for five years and then will be treated as ordinary job-seekers, authorities have recently warned.

Only a few students now expect good job assignments and most are worried about how bad they might be.

Manila Bars Accounts of Kidnapping

Foreign Journals Seized Over Manotoc Reports

By Pamela G. Hollie

New York Times Service

SINGAPORE — The Philippine government blocked the distribution this week of foreign newspapers and magazines that carried accounts of the disappearance of a divorced athlete who secretly married a daughter of President Ferdinand E. Marcos on Dec. 4.

The publications, among them Time, Newsweek, the International Herald Tribune, Asia Week and the Far Eastern Economic Review, all reported that Tommy Manotoc, 32, an amateur golfer and professional basketball coach, was last seen Dec. 29 driving away from a Manila restaurant after dining there with Imee Marcos, the president's daughter. The publications were stopped at the Manila airport.

The disappearance has been an embarrassment to Mr. Marcos and his wife, Imelda. They opposed the relationship between their daughter and Mr. Manotoc primarily because, under Philippine law, which does not recognize divorce, he is still married to his first wife, Aurora Pijuan, a former beauty queen.

Mr. Manotoc obtained a divorce in the Dominican Republic on Oct. 27 and married Miss Marcos, who attended Princeton and is now a law student at the University of the Philippines, in a civil ceremony Dec. 4 in Arlington, Va.

The couple returned to the Philippines in mid-December at the request of the Marcos family. Miss Marcos went home to her family, and Mr. Manotoc returned to his. Mr. Manotoc is officially listed as kidnapped, and President Marcos suggested that members of the Communist New People's Army were to blame.

The foreign press, which reported the disappearance a day before the local press did, met with immediate criticism from the Philippine government for its coverage of the discrepancies in the statements of Philippine officials, who appeared to know about the first ransom note before it was found, and for focusing on the growing antagonism between the Marcos and Manotoc families. Mr. Marcos accused the foreign press of reporting the Manotoc allegation "without the slightest effort at verification."

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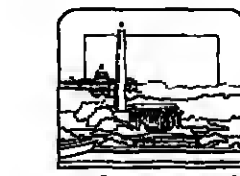
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Expense-Account Tax? Oh-la-la, Les Howls!

By Edward Cody
Washington Post Service

PARIS — One of France's most glorious traditions, the expense-account lunch in fine restaurants, has suffered a fiscal blow from the Socialist government, and the prices of haute cuisine are growing in their sauciness.

The cause of their stewing is a 30-percent tax on entertainment and other business expenses that Budget Minister Laurent Fabius says will bring almost a billion dollars a year into the state treasury to help pay for social welfare programs enacted under President François Mitterrand.

Some of France's top chefs complain that the measure has led businessmen to cut back drastically on the amount of money their companies authorize for taking clients to lunch. As a result, they say, some of the classiest tables in a nation famous for fine eating are sitting empty from 1 p.m. to 3 p.m.

"It is catastrophic," said Gilbert Lejeune of Ledoyen, one of Paris' best known eating temples. "It is the economic ruin of the country."

Besides its stiff rate, the tax has ruffled the tempers of Parisian restaurant owners because, in their eyes, it seems directed at one of the pillars of French renown — unparalleled food.

"The very future of restaurants could be made questionable by the tax on business expenses," said Bernard Fournier, owner of Le Petit Colombar, in a letter to members of the Parisian Syndicate of Professional Restaurants. "It is a direct attack on the hospitality and prestige of our country's gastronomy."

Another restaurant owner said the new tax hits the entire range of services surrounding the care and feeding of prospective clients visiting Paris — from expensive restaurants to luxury hotels to entertainment.

Estimates of Slump Vary

Estimates vary on how much business the new tax actually is costing fancy restaurants. Lejeune said his lunch business is off by half at Ledoyen, down to about 140 servings a day, while evening service has slumped only slightly. Fournier reported a similar drop. Fournier's group surveyed 100 top Paris restaurants and found business off by 12 percent, with the noontime lunch business hardest hit.

But Jean-Claude Vrinat of Taillevent, another of Paris' most prestigious restaurants, said the new tax has changed nothing so far in his business. Without smiling, he added:

"You know, I don't think great restaurants or little cafes will be hit. But medium restaur-

ants that set very high prices without necessarily taking quality into account — and they are numerous — will suffer the heaviest consequences. The number of these restaurants is frightening."

In any case, it is fear of what will happen during 1982 that has the restaurateurs most worried. On coming to power last June, the Socialist government immediately imposed a 10 percent tax on business expenses, causing a first chill. Now that the 1982 budget is in effect with the permanent 30 percent tax, they expect anticipate more cutbacks by corporate accountants.

Fournier said 60 restaurant owners in his syndicate made an informal survey of their business clients and found 90 percent planned to trim expense accounts this year by approximately as much as the tax.

"Do they want the French to become fast-food gastronomies?" he snorted.

Government officials argue that the tax is necessary not only for extra revenues, but also because under previous legislation French businesses could deduct expense account expenditures from their tax bills. This meant, they contend, that the government was subsidizing good lunches for businessmen while facing budget deficits for health insurance and unemployment benefits.

The Internationalization of the Dance

By Anna Kisselgoff
New York Times Service

NEW YORK — A look into the crystal ball suggests that 1981 in European dance may well be a substantial part of 1982 in the United States.

The overall trends are clear enough. One is, as the Swedish critic, Erik Nashund, lamented in Dance News, "that one sees the very same merchandise, whether watching ballet in Copenhagen, London, Berlin, Zurich, Vienna or Amsterdam." Not only are choreographers such as Glen Tetley, Hans van Manen and Jiri Kylian seemingly ubiquitous from Scandinavia to Italy, but they are often represented by the same ballets.

Two interesting currents are prevalent in Europe. One is the U.S. influence — which is manifest in the sudden popularity in France of post-modern U.S. choreographers, who now have legions of French disciples. Along with the occasional George Balanchine ballet included in most opera-house ballet repertoires, these works represent the pure-dance bias still dominant in the United States.

A contrasting, stronger current is the return to dance-drama in a highly theatrical form, whether it is overtly or subliminally narrative. The most extreme example is the work of the German choreographer, Pina Bausch: Conventional dance movement no longer interests her as much as nonverbal theater pieces whose performers operate as silent actors. Bausch is indubitably a major name in contemporary dance in Europe, as controversial as she is successful throughout her European tours.

Brutal View of Society

Bausch's concerns, with their unflinching, brutal view of society and relationships, have caused her to be compared with new-wave German film directors. She is frequently called a Realist although it might be useful to view her as an Expressionist (she started as a disciple of Kurt Jooss). Based in Wuppertal, she has still to show her productions in the United States.

A U.S. choreographer working in a similar vein is William Forsythe. Once in the Joffrey, he now choreographs in Germany and the Netherlands. While some of us were eager to class him as a neo-German Expressionist after seeing his "Orpheus" for the Stuttgart Ballet and his "Time Cycle" with the Contemporary Ballet, we are now told by German critic Horst Koepfer that he is "a representative product of American pop culture."

Whatever you call it, the trend toward dramatic ballet, with a new depiction of violence, is worrying certain British critics. Beth Gennet, writing in The Dancing Times, for example, sees the classicism of the



Jiri Kylian's "Ariadne" for the Nederlands Dans Theatre.

Royal Ballet endangered by what she calls an Expressionist style favored by Kenneth MacMillan and the Royal's younger choreographers.

These fears seem misplaced, rooted as they are in the dubious assumption that MacMillan and the others are even capable of choreographing outside the classical framework. MacMillan does occasionally use a newly discovered modern dance idiom but he still choreographs in set pieces, retreating consistently to the classical vocabulary. His possible weakness is, in fact, the way a "modern" gesture looks interpolated rather than integral to his choreography. Antony Tudor he is not.

In this transitional atmosphere, how did 1981 look in European dance? To begin with, it looked stocked with U.S. dancers. Except for a few state opera houses, most companies are made up of large American contingents, whose versatility is highly appreciated by European choreographers. One of these is Jiri Kylian, half of whose Netherlands Dance Theater is American. One premiere he did not bring to New York in June (and might when his company returns in July, 1982), was created for the Stuttgart Ballet — "Forgotten Land," which reminded many of Tudor's "Dark Elegies."

The same Benjamin Britten music, "Sinfonia da Requiem," was used by Tetley in "Dances of Albion," a fact that raises the possibility of dancers now hearing the same music from place to place as well as seeing the same ballets. Despite the critical disfavor into which Tetley falls periodically in the United States, the American choreographer consistently represented in European companies. "Albion," inspired by William Blake, was a big hit at the Royal Ballet, and the Brooklyn Academy of Music is so carried

away by Tetley's "The Tempest" for the Norwegian Ballet that it will open the Academy's international ballet festival here in the fall of 1982.

Tetley's very recent Victorian-dress version of "Firebird" fared less well. But his "Sacre du Printemps" is still a staple in Milan and Stuttgart and his "Sphinx" popped up on the Italian festival circuit with Peter Schaufuss, Elisabeth Terabust and Jay Jolley.

The company with which these guest stars performed is a highly enterprising four-year-old troupe. Based in Reggio Emilia, and known as ATER (Associazione Teatrale di Emilia e Romagna) Balletto, it numbers former Joffrey dancer Jan Hanniford among its members. One of its spectacular initiatives last summer resulted in the guest appearance of Bolshoi stars Nadezhda Pavlova and Vyacheslav Gordeyev in their first Balanchine ballet, "Donizetti Variations," staged by Patricia Neary.

Major Step Forward

The fact that two Soviet dancers appeared in a ballet whose choreographer is still unrepresented in Soviet troupes is a major step forward from the days when Soviet dancers were allowed, even in Western guest spots, to dance only in the roles they performed at home. As Mikhail Baryshnikov said pointedly after his defection, had he been permitted to venture out periodically to appear in the ballets of Western choreographers, he would not have left the Kirov.

In general, 1981 showed increased similarity of repertory between East and West. In the year of the Bolshoi's centenary, even the Bolshoi presented a version of "The Wooden Prince," choreographed by Andrei Petrov. Until recently, such modern music and less than cheery subject matter would have been considered too negative for Soviet ballet.

The most free-wheeling choreographer in the Communist bloc — and one whose company is a potential American visitor — is the Budapest Ballet's Laszlo Seregi, who took his "Miraculous Mandarins" and "Wooden Prince" to France and Italy. "Sylvia," another ballet of the year, is also currently visible in a Seregi version. Unlike the Paris Opera reconstruction, it is not an attempt to follow the 1876 Delibes-Saint-Léon original, but a parody in 19th-century period dress with cancan dancers.

A new common repertory source in East and West stems from the Bournoisville revival following the 19th-century Danish choreographer's centennial in 1979. His ballets were virtually unstaged in Russia for nearly a century. Now both "La Sylphide" and "Napoli" are in the works in Leningrad. In the summer, a group of Kirov soloists performed the "Flower Festival at Genzano" pas de deux in Italy. The new star to watch out for in the Kirov season in Paris this April and May is Olga Chumchikova.

"The three catastrophes of the season" according to the Young Turks on the German dance magazine, Ballet-Info, were the "St. Matthew Passion" MacMillan's "Isadora," and Valery Panov's "War and Peace," all of which, however, went over with the audience.

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Lady Northampton's Boots Kick Up Small Fuss

By Steven Rattner
New York Times Service

UPPER TYSOE, England — The United States may have Gloria Vanderbilt and her designer jeans but Britain now has the Marchioness of Northampton and her boot. Five months ago, the 37-year-old aristocrat started Lady Northampton Boot Co., based on a firm conviction that all of England needed the full-length rubber and canvas boot to which she had become partial.

It is a version of the well-known Wellington boot and was long known to horsemen as the Newmarket boot. Its advantage, said Lady Northampton, who wore a pair of Newmarkets for several years, is that it has the knockabout qualities of rubber boots without making a wearer's leg sweaty. Made in four colors, it is cheap, just £14.95 (about \$28) and comes complete with a small tag that says, "Styled by Lady Northampton."

"They're ideal for saving my good boots," said Lady Northampton over tea in her lemon-yellow sitting room. "A lot of people are interested in them as a fashion boot, particularly if you live in London and like to go to the country to go walking." Outside the modest sitting room stretched her house, known as Compton Wynantse, built in stages beginning in 1209 and later paneled with yards of Tudor linen-fold carvings.

In partnership with a more experienced shoe company, Lady

Northampton has worked diligently to make her boot a success, meeting regularly with her partner and their three salesmen and appearing in many of the company's magazine advertisements. Now, some 8,500 sales later, the boot will soon appear in an U.S. retail store.

Korean Manufacturer

All this — and particularly the boot's Korean manufacturer — has created something of a stir in England. For one thing, Lady Northampton's activities defy the traditions of her class. Marchionesses — who rank just below dukes and above earls in Britain's social hierarchy — and marchionesses do not generally engage in trade, much less affix their names to boots.

Indeed, aside from the boot venture, the Northampton themselves typify the more customary activities of the British aristocracy. Partial to tweeds, thrice-married (the family motto is, "I only look for ome"), and educated through boarding school, Lord Northampton, 35, manages his estates, which total 14,000 acres and include the holding 100-room Castle Ashby, formerly the family residence and now open to the public.

His like, blood wife, who studied to be a secretary only so she could type her own letters, busied herself with managing 12 servants, 40 workmen engaged in renovations and a crowded social schedule, also serving as joint master of the Warwickshire hunt and raising her year-old daughter, Emily.

"I have never worked in my life and I certainly did not set out to think up a commercial venture," recalled the former Rosemary Hancock, who is the daughter of a Cornish farmer.

The Marchioness herself, who seems a bit bemused about her wife's new adventure, also seems faintly embarrassed for his family. "I think my ancestors wouldn't like it," he said. "But there's out much any of them can do about it. Primogeniture, you know."

Northampton, about 40 miles northeast of this tiny village, is the center of the British shoe industry, and the unions feel the boot should be made in England or have a different name.

"The name Northampton is known throughout the world as being the center of Britain's footwear industry," said Ronald Hart, Northampton area secretary of the National Union of Footwear, Leather and Allied Trades. "To see the name on a foreign-made product leaves a bad taste in the mouth, especially with the present state of the industry."

In recent years, more than 7,000 shoe workers in the area have been put on short hours and 2,000 have lost their jobs.

Story of Decline

The story of the Lady Northampton Boot is itself a story of the decline of the English economy. The same boot was made for years under a variety of other names, perhaps the best known of which was Newmarket. Bot the Green-

gate & Irwell Rubber Co. division, which made the boot, was sold twice in the 1960s, ending in the hands of BTR Industries Ltd., which halted production 10 years ago, citing insufficient profits.

A far more elaborate version was made, until a dozen or so years ago, as the Cording boot by Cording Boot Co. Made-to-measure and handmade, it represented British craftsmanship at its best.

"Everybody who knew how to make it retired or died," said a company official.

So when Lady Northampton and her partner began what became a nine-month search for someone to make them, they found no one in England willing or able.

"Can you believe that it was impossible to find anybody in England who could make this?" Lady Northampton asked rhetorically. "Everyone we approached had an excuse. Either they could not get the right mold or the right machinery or it was too difficult to combine canvas with rubber."

"One does not recall the Duke of Wellington running into this sort of trouble over his boot," commented The Times of London. "But those were the days when Britain was still the workshop of the world."

The marchioness plans continued promotion and a more stylish version. As for making it in England, the new businesswoman says she would be delighted for a company to come forward "and if the difference were even two pounds we would do it here."

The International Herald Tribune invites you to MEET THE NEW FRENCH ADMINISTRATION

February 8 and 9, 1982 in Paris

The election of François Mitterrand and the subsequent Socialist victory in the French parliamentary elections clearly mark an important turning point for the French economy.

With the cooperation of the new Socialist government, the International Herald Tribune has organized a conference designed to help senior executives of foreign companies judge how the new administration's policies will affect their company's activities and investment in France. Prime Minister Pierre Mauroy will open this meeting on "New French Economic Policies," to be held February 8 and 9 at the Intercontinental Hotel in Paris.

The program will include presentations by Jacques Delors, Finance Minister; Michel Jobert, Minister of Foreign Trade; Michel Rocard, Minister of Planning and Regional Development; Nicole Questiaux, Minister of Social Policy; Pierre Dreyfus, Minister of Industry; Jean Auroux, Minister of Labour; André Chadenet, Minister delegated to the Minister of Foreign Affairs, in charge of European Affairs; and Laurent Fabius, Minister delegated to the Finance Minister, in charge of the Budget, as well as Jacques Attali, Special Counselor to the President; Bernard Attali, President of D.A.T.A.R., the French government's regional development agency; Christian Goux, Chairman of the Economic and Finance Committee of the National Assembly, and Thierry de Moutbrial, Director of the French Institute of Foreign Relations.

Additional insights on various aspects of doing business in France will be provided by André Bergeron, Secretary General of the "Force Ouvrière" trade union, by a panel of international bankers and by a panel of industrialists. The former will include Hervé de Carnoy, General Manager of the Midland Bank Ltd.; Jean Delfassieux, Director of International Affairs, Crédit Lyonnais; and Edouard Velten, Advisor to the Board of Executive Directors, Bayerische Vereinsbank. The industrialists' panel, to be chaired by David McGovern, President of the American Chamber of Commerce in France, will include: Rudolph Boniface, Chairman of Ford France; Jean Caudols, Chairman of Rhône-Poulenc; Jean-Luc Lagardère, Chairman of Matra; Bernard Lathière, President of Airbus Industries, and Yves Ragougnau, President of Sony France.

Each presentation will be followed by a question and answer period, and simultaneous French-English translation will be provided at all times.

To register for this exceptional international conference, please complete and return the registration form below today.

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Participation fee: F.F. 5,500 per person (plus 17.6% VAT for registrations from France) or equivalent.

Conference documentation will include a copy of the 1982 edition of the French Company Handbook, the only English language guide to French companies.

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Fees are payable in advance of the conference.
Fees will be returned in full if any cancellation that is postmarked on or before January 22. After that date a cancellation fee of F.F. 1,000 will be incurred. Cancellations received by the organizers less than 5 days before the conference will be charged the full fee.

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On Chemical Warfare

The Kremlin's likely use of chemical and biological weapons in Southeast Asia and perhaps in Afghanistan poses questions that have not yet been generally recognized, much less answered. Why have the nations of the world responded so lamely to the growing evidence that the U.S.S.R. has been flagrantly violating a treaty commitment for five years? Is it that the victims are not white citizens of industrialized nations, but brown and yellow inhabitants of poor countries? Why have developing nations refused to recognize the implications for their own security of the development of these cheap and easily accessible weapons of mass death?

For the United States and its NATO allies, there are additional, urgent questions. What does the probable violation of both bilateral and multilateral arms control agreements, including the one treaty — the 1972 Biological Weapons Convention — initiated as a unilateral disarmament step by the United States, say about the thinking in the Kremlin and the value it attaches to any type of arms control? What does it say about political will in the West that Washington has so far been unable to hold the Russians politically accountable, or even to generate much interest in the subject? Are there lessons in this and in the Sverdlovsk incident concerning the utility of sanctions in treaties with Moscow? At Sverdlovsk, what apparently was an outbreak of deadly anthrax may have indicated Soviet biological weapons work; the facts may never be known.

The United States has made some effort to publicize the evidence it has found of the likelihood of Soviet biological and chemical weapons use. But it has done so largely at a level below what the seriousness of the issue warrants. And it has devoted far too few re-

sources to proving beyond doubt the accuracy of its allegations. What is called for is less inflammatory rhetoric, more diplomatic legwork, and presidential involvement in explaining the implications of these apparent violations and in enlisting other nations' support in the United Nations investigation of them. The administration has done too little to heed its own reminder that this is not a U.S.-Soviet issue, but a truly global one.

The one concrete step the United States has taken — breaking an 11-year moratorium with the decision to build a facility to produce binary chemical weapons — is the wrong one. Chemical weapons are tools of limited military utility against a prepared opponent like the Soviet Union. In a European war, their principal victims would be civilians. Because of this, a wartime decision to use them would be likely to disrupt, rather than to protect, NATO. The single argument in their favor is the dictum that the only way to deter a Soviet chemical attack is to be prepared to respond in kind. In fact, better weapons are available. The needed deterrent is the arming of Western troops with the protective gear that can largely negate a chemical attack. In this essential step, the United States and its allies have been remiss.

Perhaps the underlying explanation for the feeble worldwide response to Soviet use of chemical and biological weapons is a feeling that these are outmoded weapons, effective in World War I but rendered obsolete by the atomic bomb. The truth is just the opposite. These are weapons capable of dealing death and destruction on a scale comparable to nuclear weapons. The difference is that they are generally far cheaper, less technologically demanding and more accessible to terrorists.

THE WASHINGTON POST.

Good for GM and U.S.

A union deal that reduces wage demands in exchange for price cuts should be good for General Motors — and for the country. The United Auto Workers and the auto companies collaborated for years in policies that drove up wages and prices together. Now that they recognize the damage done, in inflation and loss of sales to the Japanese, they at least deserve credit for innovative cooperation that points in the other direction.

Making his contract concessions conditional on pass-along savings to consumers should help Douglas Fraser, the union president, sell his members on the idea of tempering their demands. Given the pace of sales of U.S. cars, GM stockholders can hardly object. The company also contributed by offering reductions in executive salaries and opening its books to independent auditors.

Such self-help is long overdue. The auto industry — management and unions both — bears a good deal of responsibility for its present predicament. The average blue-collar worker, according to GM, now costs \$19.65 an hour, compared with costs of \$11 or \$12 an hour in Japan. The U.S. autoworker's average wage of \$11.53 compares with an average of \$7.27 for all domestic manufacturing.

Union leaders dispute these figures, but their willingness to enter such a deal

concedes the point that U.S. autoworkers may be pricing themselves out of an increasingly integrated world market. One dreaded alternative would have been for the U.S. auto companies to shift more of their manufacturing abroad.

To be sure, more than wages and prices account for the decline in domestic auto sales. The jump in oil prices and high interest rates also played an important part. And the union's concessions may not be nearly enough to counteract the trend. An administration official told a Senate committee Wednesday that only half the 214,000 idle autoworkers may ever go back to work in auto plants. Industry experts believe that price cuts of at least \$1,000 a car are needed to increase sales.

Still, self-help is better than taxing the economy as a whole. The more conventional response of the auto industry has been to look to Washington for import restrictions, weaker regulation and, finally, as with Chrysler, loan guarantees.

The nation's economic woes cry out for a nationwide incomes policy — a government-led effort to drive down both wages and prices. Since Washington rejects that approach, it is good to find an attempt at it in Detroit.

THE NEW YORK TIMES.

Shame of Food Lines

There is nothing more humiliating and shameful to everyone involved than to see long lines of people — the very young, the very old, the down-and-out, the unemployed — waiting in bitter cold for a handout of food. Most Americans had, in recent decades, taken both pride and comfort in the fact that our nation had achieved a sufficient degree of prosperity and generosity to make such dismal displays of necessity a thing of the past. Now the lines have reappeared as the U.S. government begins to dispose of part of its enormous stocks of surplus cheese.

There is no decent way to run a food handout. Some things, of course, make the lines much worse than they had to be. No one expected people by the thousands to line up several hours before the distribution centers opened.

The federal government also added to the hassle and delay by insisting on full documentation of need — as if willingness to stand in freezing temperatures for several hours for a five-pound package of leftover cheese were not proof enough. But the doling

out of food is an essentially demeaning enterprise — for both givers and takers.

The indignity and inefficiency of commodity handouts persuaded Congress a number of years ago to extend the food stamp program nationwide as a substitute. That program has done a great deal to reduce human misery, but it is useful to remember that, important as food stamp benefits are, they do not ensure even a minimally adequate diet for the very poor.

The administration has already cut back substantially on food stamps and apparently intends to cut back more. The government is also anxious to dispose of embarrassing stocks of surplus food. As a result, food lines may again become a fixture on the U.S. scene. This would be disgraceful testimony to two sorts of failure. One is the government's inability to stabilize agricultural markets without becoming locked into costly subsidies of unneeded produce. Another, larger failure is the willingness of a wealthy society to allow the direst need to persist in its midst.

THE WASHINGTON POST.

Other Opinion

Global Clouds of Gloom

A glance at the political map of the world with its lingering clouds of economic gloom... leads us to perceive that the fate of humanity is hanging in the balance. Nothing is new. Almost all of the apples of discord and clash have been carried over from the previous year. Little turned for the better and

we may be heading for a gathering storm... If the Atlantic flank of the Western alliance does not hold fast, the powder keg of the Middle East may blow up any moment while adventurous war machines in the East eager for the fray are tempted to come into play.

— From the Korea Herald (Seoul).

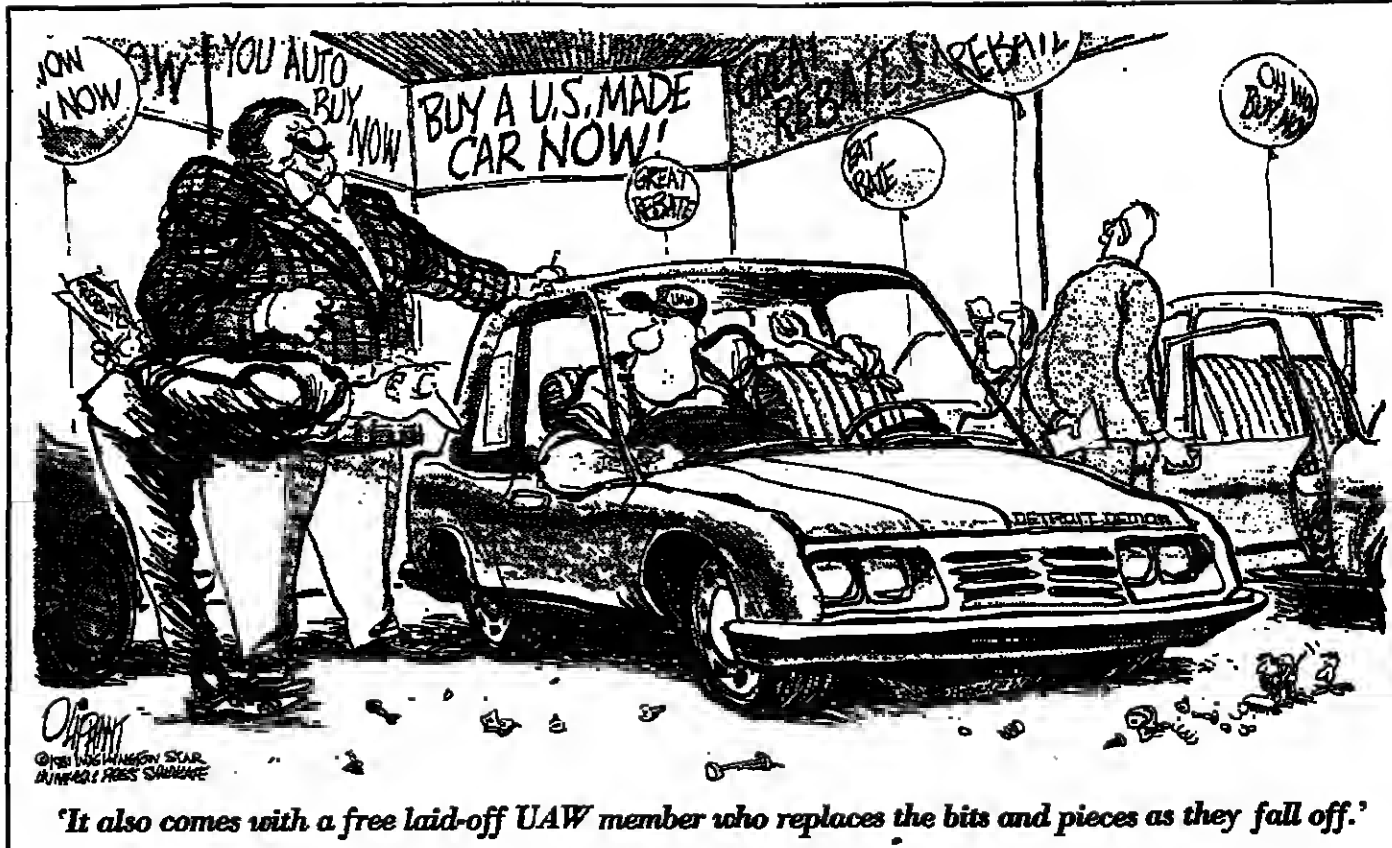
Jan. 15: From Our Page of 75 and 50 Years Ago

1907: Prince Tries Suicide

TEHRAN — Prince Shoa-e-Sultaneh has tried to commit suicide by taking opium. He declares that he will take his life unless the Shah grants him the governorship of the province of Fars. The Shah has declared all the late Shah's firmans for the last four months void. This is hard on the younger brother above-named, who obtained many grants from the dying Shah, including an extra \$12,000 yearly. The Shah received all the members of the Assembly yesterday. The President said the Assembly was now considering the budget. The Shah expressed satisfaction and said the finances were the nation's soul. He hoped the labors of the Assembly would be crowned with success.

1932: Hoover a Candidate

WASHINGTON — President Hoover, whose candidacy to succeed himself has long been regarded as a certainty, formally entered the presidential lists today when Walter Folger Brown, postmaster general, stated, without frills or rhetoric, that the President was a candidate for renomination. Coming from Postmaster-General Brown, member of the Cabinet to whom most political matters are left, the announcement can be regarded as official. Republican leaders unsatisfied with the Hoover candidacy recently tried to start rumors that the president did not care to start another term because of the present depression and the burden of bringing the country back to economic stability.



U.S. Foreign Policy Really a Domestic Affair

By William Pfaff

WASHINGTON — After West German Chancellor Helmut Schmidt visited Washington the first week of January, the State Department found it necessary to announce that the United States "has not softened" its stand on sanctions against the Soviet Union and Poland. They feared a wrong impression.

But what are these sanctions? They are all except what hurts. The sanctions imposed by the United States exclude the one thing that the United States actually could do to harm the Soviet Union, which would be to cut off, once again, grain sales to Russia.

Approximately half of Soviet grain imports come from the United States. To stop that supply would not change Soviet policy. Nations do not change in matters perceived as directly affecting their security merely because of a foreign-imposed austerity. But to stop grain shipments would certainly convey to Russians the anger of the United States, materially worsening the Russian standard of living.

Washington's anger stops short of inconvenience to U.S. grain producers and shippers. U.S. bankers have also made plain their awareness that a military government in Poland, on good terms with the Soviet Union, is rather more likely to pay the interest due on profitable Western loans to Poland than a weak government caught between the demands of Solidarity and the pressures of a hostile Soviet Union. Bankers have said this in the columns of the Wall Street Journal.

Mr. Reagan's government talks a tough game, but its actions do not back up its words. President Jimmy Carter had the courage of his convictions when the Soviet Union invaded Afghanistan — and thereby made himself very unpopular in Iowa and Kansas, and among the grain dealers of Chicago.

There is, however, more to what is going on now than a prudent reaction to Mr. Carter's sad electoral end. There has for some time been an increasing tendency in U.S. government toward what amounts to an assumption that words take the place of reality. Policy is

what you say; it is not action and consequence in a hostile world. A resolute foreign policy is what plays that way on the CBS Evening News or in tomorrow morning's editorial columns.

The Reagan administration is very inexperienced in international affairs. It is preoccupied with U.S. matters. Its members are not traveled men. Of its major figures, Mr. Haig alone has serious credentials in foreign policy.

The new chief of the National Security Council, William F. Clark, is apparently the capable executive the job needs, but in his Senate testimony last year, when he was nominated to the State Department, he made himself world-famous by his vast ignorance of world affairs and of foreign personalities. He is, in this government, an amateur among amateurs.

Abstract World

The real interest of Mr. Reagan's men lies in domestic business and industry, the functioning of the domestic economy, the progress of U.S. manufacturers. They care about this. But world affairs are, to them, notional, abstract. They read about them in the State Department's telegrams, the daily intelligence summaries. They lack the practical references that would be made by a banker or by a lawyer with international experience, an executive from a multinational corporation, a man who has managed foreign subsidiaries or who has traded abroad.

Such men were recruited for foreign policy jobs in previous Republican administrations. But Mr. Reagan's Republicans come from California and Texas, not from Wall Street.

A tough verbal stand on Poland has been important to these men for the results it produced in domestic opinion in the United States, more than for what it actually does for the Soviet Union — about which they know little. It has been important to their own estimation of themselves as a government of leaders. Their toughness has not extended to halting grain shipments because that would be

controversial in the United States and would therefore mar the desired image, which is of a united people and a determined government.

It would reveal a disagreeable truth, which is that U.S. opinion is divided between those willing to pay a domestic cost to punish Russia for its policies, and those, on the other hand, faced with actually paying the cost, who would resist doing so.

It would show the United States to be not so different from Western Europe, where the French government can handily denounce the Russians, in part because it has little to lose by doing so (even something to gain, in domestic politics), while the German government, with much to lose in East-West trade and inter-German relations, keeps quiet.

The U.S. dispute with Europe on sanctions tends to be emphasized in Washington because this reinforces the American self-image of resolution. The recent rash of newspaper cartoons and newspaper articles attacking the West Germans, or Europeans in general, for their supposedly pusillanimous acquiescence in Poland's fate, allows Americans to feel good about themselves while doing conveniently little to earn it.

George Kennan said recently that the effect of American rhetoric about Poland has been to push the Russians against a closed door. Nothing has been done to indicate to Moscow a constructive way out. But it seems probable that people in this administration do not even grasp the sense of what is being said here: that genuinely to influence Russian policy, it is necessary to indicate both the positive change desired and a nonhumiliating way for Moscow to do it.

Washington simply is not thinking about how actually to affect Soviet behavior and salvage something constructive for the Poles, Poland and the Soviet Union are abstractions, paragraphs in the newspaper. Only the United States is real. Washington's is a solipsistic policy, beginning and ending in U.S. public opinion and the American self-image.

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Schmidt Dinner Party: Defensiveness, Dismay

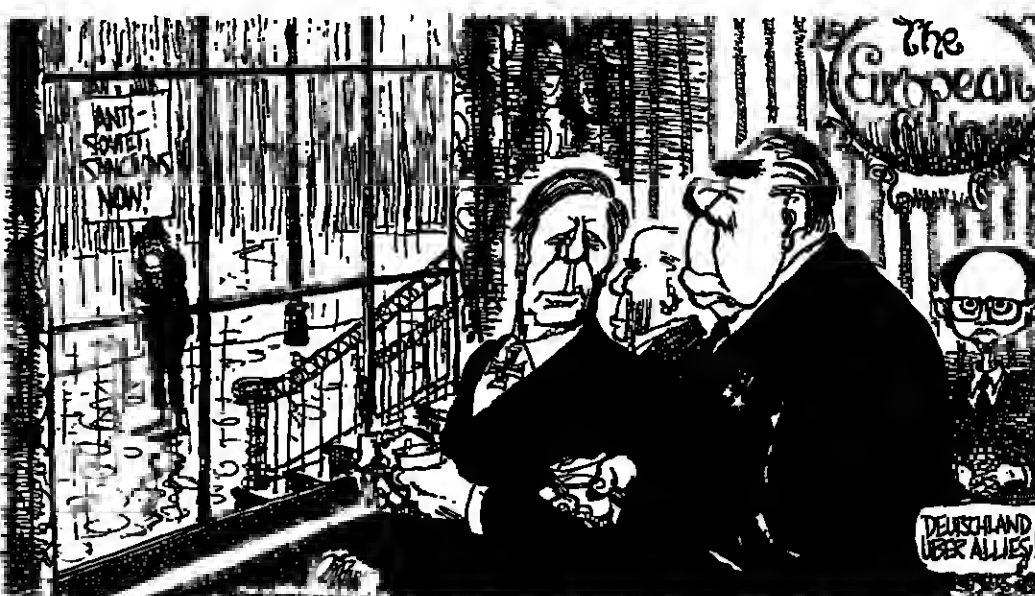
By William Safire

WASHINGTON — The lamb was overdone. That was not the fault of Leonardo Paras, chef at the Federal Republic of Germany's Embassy in Washington.

Chancellor Helmut Schmidt had come from the White House, where he negotiated a deal whereby, to "note" the Soviet responsibility for the crushing of Solidarity, in return for not having to give up his beloved Kremlin gas pipeline. On this unofficial visit, at a time when West Germany's Western commitment is being put to its greatest test, Schmidt assembled around a single table America's most powerful officials.

Henry Kissinger was there, of course, as was Defense Secretary Melvin Laird and former President Gerald Ford. David Rockefeller upheld his end of the Establishment, and arms control negotiator Paul Nitze was the insider who happened to be inside at the moment. Sen. Joseph Biden was the token liberal, and the AFL-CIO's Lane Kirkland was arguing Reaganomics with former Treasury Secretary George Shultz. John McCloy, who was U.S. high commissioner for Germany when the title of chancellor seemed to belong forever to Konrad Adenauer, provided a link to the era of FDR's secretary of war, Henry Stimson.

The reason Paras's crown of lamb was overdone — cold and dried-out, to be brutal about it — was that Helmut Schmidt started a long and defensive monologue before the main course began. The



'Californians, of course, love the rain...'

waiters could not serve until the chancellor finished, and it must have seemed to them as though he would never finish.

"Don't believe what Der Spiegel or Safire says," Schmidt began. "Our polls show that 79 percent of the German people are for the American alliance." (That is why several of the guests later reported the dinner conversation to me, when the chancellor says some thing like that in Germany, his guests call Der Spiegel.)

Stung by press criticism of his tenderness for Soviet sensibilities, the chancellor spent most of a rambling discourse boasting of his government's unappreciated toughness. After the Soviet invasion of Afghanistan, which European government took the lead in boycotting the Moscow Olympics? Mrs. Thatcher got the credit, but it was Helmut Schmidt who led the way, at great political cost.

Some of his guests tell me they were dismayed at the sight of a once-confident world leader, puffing furiously at cigarettes despite the warnings of doctors who recently implanted a pacemaker in his chest, pretending that the Western alliance was not under great stress and then denying responsibility for that stress. The chancellor grumbled that he had been insufficiently "consulted" before the Reagan administration took its actions in protest of the Soviet-ordered crackdown in Poland, and then inconspicuously complained that the U.S. actions were merely symbolic — that if Americans were serious about retreating, we would embargo wheat sales.

None of his guests spoke up until Jack McCloy broke the ice. At age 87, you don't have to worry

about protocol; after a lifetime of ardent support for the defense of Western Europe, you don't have to worry about your Atlanticist credentials. In an obvious spirit of friendship, and with all the gentleness the hardheaded old man could muster, former HiCoG McCloy took issue with Schmidt's optimistic appraisal of U.S.-German relations.

McCloy detected what he called *unsicherheit* — uncertainty, disquietude — in the alliance. The spirit of Berlin was different a generation ago; then, defeatism was not to be found, and the Americans, defenders of the gate, could do no wrong. But six weeks ago, on a trip to Berlin, McCloy found some Berliners more concerned about 50 Americans in El Salvador than about 90,000 Russians in Afghanistan. He did not agree with those who threatened withdrawal of U.S. troops from Europe, and warned that it was unwise for either ally to take the other for granted. McCloy was unimpressed with Schmidt's

polls; this was hardly the time for complacency.

After the serving of what was left of the lamb (along with the white 77 Weinberg Sonnenbrun Kabinett symbolically served alongside a red California Cabernet Sauvignon), other Americans turned toward realism. David Rockefeller wanted to know why Schmidt, who used to complain about America's inflation, was now complaining about the interest rates that were helping to reduce America's inflation.

The dinner party did not break up until a quarter to one, unheard of in a capital where guests rarely stay past eleven. The Germans present probably told the chancellor how well he did with the molders of American opinion. The truth is that he came across as nervous, petulant, self-deceiving and irresponsible — a reflection of what some of the staunchest supporters of the Atlantic alliance fear may be the state of his nation.

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Warning To Reagan In Polls

By Seymour M. Lipset

The writer, a professor of political science and sociology at Stanford University and a senior fellow at the Hoover Institution on War, Revolution and Peace, contributed this article to The New York Times.

PALO ALTO, Calif. — Accumulating evidence from several polls indicates that the public, in this year of congressional elections, is again in a mood to change the direction of public policy.

Disillusionment with Ronald Reagan's performance has grown faster and is more widespread than for any other newly elected president. Most Americans remain committed to basic assumptions on the welfare state, although they initially supported Reagan's overall efforts to cut taxes and spending.

Harris polls regularly ask: "How would you rate the job President Reagan is doing as president — excellent, pretty good, only fair or poor?" After three months in office, 67 percent of the respondent evaluated him as excellent or pretty good. In June, favorable rating fell to 60 percent, in mid-December to 47 percent. The Associated Press-NBC News poll, using a similar question, obtained comparable results in mid-December.

The Gallup Organization asks respondents if they "approve or disapprove of the way Ronald Reagan is handling his job as president." This format seems to elicit fewer negative responses, but Gallup also reports a steady erosion in support, down from 60 percent in mid-August to 56 percent in early October, 53 percent at the beginning of November, 49 percent in mid-December. Though no December findings have been published, earlier New York Times CBS News polls reported a similar trend.

So does President Reagan's pollster, Richard B. Wirthlin. The best test question, he says, is: "Do you think the country is heading in the right direction, or do you think it is on the wrong track?" Last summer, the "right" responses outnumbered the "wrong" by 20 percent. But in September, the positive sentiments began to decline in tandem with a worsening economy; by mid-December, negative opinion outweighed favorable ones by percent.

Early Enthusiasm

In December the president's standing in the polls was lower than that of his predecessors at the same point in their administrations. According to Harris, unfavorable ratings in December were 52 percent for Reagan, 48 percent for Jimmy Carter, 36 percent for Richard M. Nixon, 33 percent for Lyndon B. Johnson. Gallup found that in mid-December of each in annual year, percentages of respondents disapproving of the way the president handled his job were: 41 percent, Reagan; 27 percent, Carter, 1977; 23 percent, Nixon, 1969; 26 percent, Johnson, 1965.

Reagan's efforts to cut taxes and spending led to early enthusiasm for his performance and policy when inflation was the No. 1 public concern. However, last February's Washington Post-ABC poll reported that nearly two-thirds of those interviewed agreed that "the government should work to substantially reduce the income gap between rich and poor."

Poll after poll in 1981 indicate that, in spite of overall approval of the Reagan economic program, most social programs were more popular. Harris asked in September which specific cuts were more distasteful: "not balancing the federal budget," majorities declared the federal aid to the elderly, poor and handicapped, federal health programs and federal aid to education should not be cut.

Gregory Martine of Yankee, Kelly & White clarified the issue further in reporting on his firm's December survey. He found that most people thought it "very important" to balance the budget but also believed it should be done by "cutting down on defense, by creating corporate taxes, and by cutting social services." Various polls indicate that majorities regard the administration's policies as overly favorable to the well-to-do and large business, at the expense of the less fortunate.

In light of this lack of sympathy with the administration's ideological orientation, the Republicans could lose heavily if the economy does not improve. In early October, Gallup found that respondents, by 56 percent to 44 percent, planned to vote Democratic in this year's congressional elections.

Andrew Kohut, Gallup's president, notes that the question is longer is whether the Republican will gain control of the House this year but how much ground the will lose. Reagan is clearly in a position to come back in public evaluation if his economic program succeeds. Hence, these results are warning to the administration, as a definitive rejection by the electorate.

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BUSINESS NEWS BRIEFS

Kawasaki to Construct Large Robot Plant

TOKYO — Kawasaki Heavy Industries said Thursday it will invest 17 billion yen (\$76 million) to build what it claims will be the world's largest robot factory, capable of making 2,000 robots a year.

The factory will be completed by early 1984 at Kobe and will use robots for such tasks as spot welding, welding and paint spraying.

Kawasaki said it will produce 650 robots in the business year that ends in March and plans to increase production to 1,050 in the coming year. The Kawasaki models are produced under license from Unimation of the United States.

Royal Bank To Seek Growth If Bids Rejected

EDINBURGH — Royal Bank of Scotland's development strategy will be based primarily on accelerated domestic and international expansion if the British government disallows rival bids for Royal from two international banking groups, chairman Michael Herries said Thursday.

He told the annual meeting that international expansion will be slower and more difficult if Royal is unable to merge with its chosen partner, Standard Chartered Bank. Hongkong & Shanghai Banking Corp. is also seeking to acquire Royal Bank.

Mr. Herries said Royal's directors have no information on the Monopolies Commission recommendation on the bids or the government's final decision, both of which are due to be announced Friday.

Brown Boveri Wins Two Midwest Contracts

BADEN, Switzerland — Brown Boveri said Thursday it had received two orders from the Middle East totaling 980 million Swiss francs (\$531 million).

The first order, valued at around 780 million francs, is for a power station for the Saudi Consolidated Electric Co. central region. The order includes construction of 16 gas turbines.

The second order, from the Iraqi state electricity organization and valued at around 200 million francs, is for the turnkey supply of switchgear equipment.

Chrysler to Sell Diesel Engine Parts Plant

ANN ARBOR, Mich. — Chrysler said Thursday it agreed to sell its diesel engine parts plant here to newly formed G.T. Products for an undisclosed amount.

Pending approval of United Auto Workers Local 630, Chrysler said G.T. Products will continue to manufacture diesel engine components for supply to General Motors' Detroit Diesel Allison division.

Firelli Sees Higher Dividend, Interest Income

MILAN — Firelli's dividend and interest income should be higher in the year ending April 30 than in the previous year, the company said in a half-year report Thursday.

Increased dividend income would come from Firelli's larger shareholdings in subsidiaries and associates resulting from the end of its former association with Dunlop, it said.

Interest earnings would also increase, reflecting the increased liquidity provided by two capital increases and convertible bond issues last year, it added.

Japan, U.S. Call Off Airline Talks

By Steve Lohr

New York Times Service

TOKYO — U.S. and Japanese officials Thursday concluded four days of talks on trans-Pacific air service with the two sides still far apart on their long-standing differences.

"We were very disappointed," Darrell M. Trent, deputy U.S. transportation secretary, said after the talks broke off. "There is no question that civil aviation considerations will be linked to broader economic and trade issues in evaluating relations between the United States and Japan."

Mr. Trent, who headed the U.S. delegation, emphasized the importance of the air negotiations to U.S.-Japan trade relations by saying that air service "links the commerce between the two countries."

The negotiations to revise the bilateral agreement, which is nearly 30 years old, have dragged on inconclusively for more than a year.

Broadly speaking, the intent of the stalled negotiations is to increase the trans-Pacific air service that carriers from both countries can provide. But there is great disparity in how the two sides view the current agreement and what services should be expanded.

United Seeks Routes

The Japanese consider the present agreement, which contains language restricting Japan Air Lines service to the United States but not U.S. carriers' ability to serve Japan, as greatly favoring the United States. Thus Japan wants permission for JAL, which is about 40-percent owned by the government, to serve more points in the United States and to fly beyond the United States to more points in third countries.

For its part, the United States views itself as the disadvantaged party under the current pact because of Japan's refusal to grant Tokyo landing and takeoff rights to United Airlines, the biggest U.S. airline. United received permission from the Civil Aeronautics Board more than a year ago to start U.S.-Japan service.

The proposed United service would involve Seattle-Tokyo and Portland-Tokyo routes. At present two major U.S. carriers, Pan American World Airways and Northwest Airlines, serve Japan. A smaller U.S. airline, Flying Tiger, also flies to Japan.

Because of Japan's refusal to

grant United permission to fly to Japan, the United States announced sanctions last month against JAL, mostly deferring consideration of applications for expanded service in the United States. In response, Japan in late December countered with its own list of sanctions, including refusing to review applications for rights to fly beyond Japan by U.S. carriers now serving Japan.

The only apparent agreement in this week's talks concerned the proposed sanctions. Both delegations said they will recommend to their governments that implementation of the punitive measures be stopped at least until the week of March 8, when the two teams of government negotiators agreed to meet again.

"An agreement must be reached in our next negotiations," Mr. Trent said.

Philosophical Differences

Reaching an agreement, however, will require a closing of positions on a wide range of issues, including points to be served by airlines from each country, granting routes to additional U.S. carriers, access to airports and airport services, and granting permission for charter and cargo-service operations.

There are also basic differences in the philosophies by which the two governments regulate their airline industries.

The United States has recently

SEC Cuts Brokers Reserve Requirement

By Martha M. Hamilton

Washington Post Service

WASHINGTON — The Securities and Exchange Commission has made a key change in rules designed to protect against business failure by brokerage firms, reducing from 4 percent of customer debt to 2 percent the amount of funds a firm must have on hand to satisfy customer claims.

The agency Wednesday asserted that the higher figure is tying up more capital than warranted. The revision makes an estimated \$500 million available for a wider range of investments than permitted before.

The change, adopted without dissent, affects roughly 275 firms, which account for approximately 94 percent of the net capital held by the industry. It amends the capital rule, which was adopted in 1975 after widespread failures of broker-dealer firms.

Since 1975, circumstances have changed considerably, SEC officials said. "This is a balanced adjustment to a very complicated mechanism that was put in place six years ago when the industry was very different from the one that enters the 1980s," said Douglas Scarff, director of the division of market regulation.

The net-capital requirement before the change set off early warning signals when a firm's funding dropped below 7 percent of customer debt. At that point, certain restrictions were imposed on the firm aimed at restoring it to a healthier status. When the fund dropped to 4 percent, the firm was out of business.

U.S. Panel to Review Overseas Ownership

By Thomas W. Lippman

Washington Post Service

WASHINGTON — France's plans to nationalize major banks and industries and Kuwait's takeover of Santa Fe International have spurred a comprehensive review by the Reagan administration of foreign investment in the United States and the implications of foreign government ownership of U.S. enterprises.

The administration has a broad policy of favoring foreign investment in the United States, but an interagency team headed by Marc Leland, assistant Treasury secretary for international affairs, is studying possible changes in the way the United States monitors and controls some transactions.

Foreign government ownership of U.S. corporations, "while not new in concept, is new in practice," Mr. Leland said. Regulatory and antitrust restrictions applied to privately owned concerns, he said, "might create a diplomatic incident" when state-owned enterprises are involved, "and we are trying to bring out what the potential problems are, if any."

Mr. Leland cited several questions that recent transactions have raised within the administration.

Canadian Questions

He said they were concerned about the implications of the nationalization of French banks that own or have interests in banks in the United States.

"Can the French government own a string of banks around the United States when no private bank could do so?" he asked.

He said another concern was how Washington should respond, if at all, to Canada's new policy restricting foreign ownership of Canadian corporations.

He also said that the group wanted to know what foreign policy implications were involved in Kuwait's \$2.5 billion takeover of the California-based Santa Fe International.

He said another question concerned the regulatory, antitrust and political problems implicit in the takeover of Texasgulf by

France's state-owned Elf Aquitaine.

Mr. Leland said that state-owned foreign corporations could operate primarily to make money or could sacrifice profit to other objectives such as full employment. He said that each of these would imply something different for their competitive position in the United States.

He said that representatives of virtually every Cabinet department except Health and Human Services are participating in the study, which he said should result in a report and recommendations to the Cabinet Council on Economic Affairs within six months.

"Our basic policy is an open attitude toward the free flow of private foreign investment," he said. "The issue here is government-controlled investment as distinguished from private investment. What are the competing interests of governments if they own the banks and the industries? Should you look at it the same way as if individuals owned it?"

The working group is also examining the operations of the interagency Committee on Foreign Investment in the United States, which was set up in 1975 to review the strategic, economic and national security implications of foreign investments.

Mr. Leland's group will report to the Cabinet Council its views on whether the committee "is an appropriate vehicle and its authority is too broad or not broad enough." The committee has never opposed publicly any transaction it has reviewed. "Do you need it, or do you have other agencies that could do the work better?" Mr. Leland asked.

Despite the publicity given to some large transactions such as the Santa Fe deal, direct foreign investment remains a tiny element in the overall U.S. economy. Government figures show that foreign investment in the United States in 1980 was \$1.5 billion, down from \$2.5 billion in 1979. The U.S. government had holdings in U.S. corporations worth about \$65.5 billion at the end of 1980, and owned less than 1 percent of U.S. agricultural land. Foreigners hold more than \$100 billion in marketable Treasury securities, according to the Federal Reserve Board, but that is only about 10 percent of the national debt.

"The issue is not a substantial foreign presence in the American economy, because there isn't any," Mr. Leland said.

Lord Grade Says He Is Retiring

The Associated Press

LONDON — Sir Lew Grade announced Thursday he was giving up control of the television-movie empire he built since arriving in Britain from Communist Russia 70 years ago.

Sir Lew said he was turning over control of Associated Communications Corp., in which he holds 27.6 percent of voting stock, to Australian business magnate Robert Holmes a Court. The deal announced Thursday was believed to include Lord Grade's Northern Songs, which owns the rights to the Lennon-McCartney Beatles tunes.

Sir Lew turned down a £21 million offer from Paul McCartney and Yoko Ono, widow of John Lennon, for the Beatles rights late last year.

Mr. Holmes a Court, 44-year-old grand nephew of the fourth Baron Heytesbury and thus of English descent, was born in South Africa but moved to Australia when he was 19. From his home in Perth, Australia, he built up a transport, textile and communications empire and acquired 3 percent of ACC's voting stock and 31 percent of the non-voting.

Mr. Grade, 74, said he was retiring because he was "too old" to continue his work.

Grade's empire includes the television network of the same name, the production company of the same name, and the production company of the same name.

Now the early warning sounds when the fund drops to 5 percent, and liquidation occurs at 2 percent. The interval during which protective measures can be taken remains the same.

"Public Interest"

"The important question is, is the amount of the cushion the appropriate amount in light of the volatility of the industry?" said Commissioner John R. Evans. "It is also in the public interest to provide an additional \$500 million to \$600 million that can be used in brokerage firms' business, he said. "It's a weighing."

The funds set aside to meet the

CURRENCY RATES

Interbank exchange rates for Jan. 14, 1982, excluding bank service charges.

	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.
Amsterdam	2.365	4.68	109.41	4.31	109.41	4.31	109.41	4.31	109.41
Berlin	2.365	4.68	109.41	4.31	109.41	4.31	109.41	4.31	109.41
Brussels	2.365	4.68	109.41	4.31	109.41	4.31	109.41	4.31	109.41
Frankfurt	2.365	4.68	109.41	4.31	109.41	4.31	109.41	4.31	109.41
London (10)	1.9668	4.293	109.99	2.9898	4.999	72.825	3.662	14.018	
Munich	1.2548	2.2674	53.66	70.77					
New York	—	1.0000	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Paris	5.856	10.57	253.90	—	4.744	—	14.844	77.68	—
Zurich	1.852	3.461	80.25	31.77	1.159	72.825	4.745	—	24.85
ECU	1.937	6.991	2.482	4.388	1.0748	2.678	41.64	1.979	7.976

	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.
Swiss	2.00	4.00	8.00	12.00	16.00	20.00	24.00	28.00	32.00
Japanese yen	111.45	0.8774	0.0084	0.0084	0.0084	0.0084	0.0084	0.0084	0.0084
West German mark	0.62	1.6129	1.6129	1.6129	1.6129	1.6129	1.6129	1.6129	1.6129
French franc	6.55	1.936	1.936	1.936	1.936	1.936	1.936	1.936	1.936
Italian lira	2.36	4.36	4.36	4.36	4.36	4.36	4.36	4.36	4.36
Spanish peseta	166.64	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006
Portuguese escudo	200.48	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005
Belgian franc	36.36	0.0275	0.0275	0.0275	0.0275	0.0275	0.0275	0.0275	0.0275
Dutch guilder	3.76	0.2637	0.2637	0.2637	0.2637	0.2637	0.2637	0.2637	0.2637
Swedish krona	4.66	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146
Norwegian krone	4.76	0.2101	0.2101	0.2101	0.2101	0.2101	0.2101	0.2101	0.2101
Finland mark	5.94	0.1683	0.1683	0.1683	0.1683	0.1683	0.1683	0.1683	0.1683
Great Britain pound	0.75	1.3333	1.3333	1.3333	1.3333	1.3333	1.3333	1.3333	1.3333
Hong Kong dollar	7.80	0.1282	0.1282	0.1282	0.1282	0.1282	0.1282	0.1282	0.1282
Indian rupee	16.75	0.0597	0.0597	0.0597	0.0597	0.0597	0.0597	0.0597	0.0597
South African rand	1.48	0.6757	0.6757	0.6757	0.6757	0.6757	0.6757	0.6757	0.6757
Israeli sheqel	3.48	0.2874	0.2874	0.2874	0.2874	0.2874	0.2874	0.2874	0.2874

(a) Commercial firms. (b) Amounts needed to buy one pound. (c) Units of 100. (d) Units of 1,000.



Ford Chairman Philip Caldwell explaining company's reluctance to link wage concessions by the UAW to lower car prices.

Ford Motor Omits Regular Dividend

From Agency Dispatches

DEARBORN, Mich. — Ford Motor said Thursday that it has omitted its first-quarter dividend — the first time the company has failed to pay a dividend.

Ford said the action by its board "reflected not only continuation of the long slump in the U.S. automotive market but uncertainty in the general economy with respect to the timing of recovery."

"To these circumstances, it is essential that prudent steps be taken to conserve cash resources so that the company can continue the development and introduction of its new products."

Ford lost \$1.5 billion in 1980 and some analysts have forecast 1981 losses of more than \$1 billion. The company said by omitting a dividend, it would save \$36 million in the quarter.

Capital Spending Increase

The second largest U.S. automaker has paid a 30-cent regular quarterly dividend since the 1980 third quarter when the dividend was cut from \$1 to 30 cents. It was only the third time the company cut its dividend.

The company said it hopes to resume dividend payments, which

started in 1947, "at the earliest practical time."

Ford said in 1982 worldwide capital spending is expected to rise \$1 billion from \$2.5 billion in 1981.

Over the next 15 months, Ford said it plans to introduce in North America two all-new lines of small trucks plus six new lines of cars. Additionally, it said "major new products" will be introduced in many overseas markets.

Meanwhile, the company's board of directors was also reported to be examining talks with the UAW and General Motors on Tuesday to the workers' wage and benefit concessions to lower car prices for consumers.

Ford chairman Philip Caldwell told reporters Wednesday that the company needed more time to study the proposal.

Although he did not reject the plan outright, Mr. Caldwell displayed hostility toward linking labor talks with corporate pricing policy. He attempted to characterize the pending GM agreement as one that would be too small and last too short a time to solve the problems of U.S. automobile companies.

The talks came against a backdrop of continuing weakness in automobile sales, the main factor in bringing the union to the negotiating table six months before its current contract expires.

U.S. automakers said Wednesday that sales of domestically made cars for the first 10 days of January declined 8.9 percent from the comparable period last year.

For the Big Three — GM, Ford and Chrysler — sales fell 20.3 percent. Only Chrysler, which has an aggressive rebate program in effect, reported a gain of 4.1 percent. Ford reported the steepest decline, 21.9 percent on a daily sales rate basis. GM's sales dropped 7.4 percent.

Concessions for Harvester

CHICAGO (UPI) — The UAW will grant concessions to financially troubled International Harvester, still reeling from a strike two years ago, if the company agrees to tighten its belt, the union said Wednesday.

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Tables include the nationwide prices up to the closing on Wall Street.

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Bruce Singer
Special Projects Editor

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Special Projects Editor

Bank Doubts Soviet Aid for Polish Debts

From Agency Dispatches
FRANKFURT — Western bankers are coming to the conclusion that the Soviet Union will not help Poland pay off its Western debts.

Reinhold Stössel, the chief economist of Dresdner Bank, said Thursday in a radio interview that Polish officials do not expect help from the Soviet Union in paying off the country's debts to Western banks.

"Obviously, there is not any prospect for this," Mr. Stössel said.

"Western banks, however, still believe that it is in the interest of the entire East bloc that those countries provide collective help for Poland," Mr. Stössel said later.

Rescheduling Terms

At meetings Monday in Warsaw between Dresdner Bank and Polish officials, Poland expressed its intention to meet interest payments, but could not set a firm date, Mr. Stössel said.

Western banks are insisting that the \$500 million in interest due last year be paid as a precondition to any final signing of the rescheduling agreement for the \$2.4 billion in principal on Western bank loans due in 1981. Poland owes the banks a total of \$16 billion.

Banking sources said Wednesday that Poland still owes about \$290 million of the interest outstanding at the end of last year and all the principal, which the country wants to reschedule. Small payments were made in the final week of 1981, and further small payment have been received by some banks recently, the sources said.

Many bankers had justified heavy lending to Poland on the theory that the Soviet Union would not let a Soviet bloc state default on its obligations since a default by one country would affect the credit standing of all the countries in the bloc.

A spokesman for the Dresdner bank said later that Mr. Stössel's statement had to be taken with "a little interpretation."

The interpretation given by some West German bankers was of another escalation in the high-stakes power game going on between Poland and Western banks. According to banking sources, the Poles told the Dresdner group they do not want to become further indebted to the Soviet Union. Rather, they want to complete negotiations with the Western banks on their own.

'Breathing Space'

Polish Finance Minister Marian Krzak appealed this week to Western bankers to give Poland a one-year "breathing space," which West European analysts interpret as a request for a grace period on all repayments until 1983.

Mr. Krzak also repeated Poland's request for a \$350-million bridging loan from Western banks to cover interest payments due in 1981 — a request that Western banks have rebuffed.

Mr. Krzak said Poland's hard currency needs for 1982 would be a minimum of \$6 billion.

Poland also owes Western governments a total of \$10.5 billion. A Swiss government spokesman said in Bern that Switzerland will oppose any move at a 16-country meeting beginning Thursday in Paris to suspend last year's agreement rescheduling Poland's 1981 debt to Western governments.

Poland has honored all the obligations it undertook in a bilateral rescheduling agreement reached in July with the Swiss government, the official said. Under that agreement, Poland was allowed to defer payment of 90 percent of principal and interest due on loans covered by the export risk guarantee plan falling due between May 1 and Dec. 31. The amount involved was 85 million Swiss francs.

Tesoro, Indonesian in Pact

JAKARTA — Tesoro Petroleum of the United States said Thursday that it has signed a production-sharing agreement with the Indonesian state oil company, Pertamina, to explore for oil and gas on the island of Irian Jaya. The contract is the first signed by a foreign oil company in Indonesia this year.

Retaliation Pressure Grows in U.S.

By Margaret Garrard Warner
AP-Dow Jones

NEW YORK — Foreign manufacturers are free to sell their communications equipment in the United States, but U.S. companies rarely get similar opportunities abroad.

Some members of Congress, frustrated by that imbalance, want to retaliate against countries that restrict U.S. communications and information companies. Their cause is gaining some urgency with last week's settlement of the anti-trust case against American Telephone & Telegraph.

When the settlement is put into effect and AT&T's local operating companies are separated from its manufacturing arm, foreign equipment makers will have more opportunity to sell to phone companies in the \$20-billion U.S. telecommunications equipment market. Lawmakers want to make sure that U.S. companies have equal access to similar markets abroad.

At the same time, by allowing AT&T to enter data processing and information businesses here and abroad, the settlement is likely to intensify foreign fears of U.S. dominance in a lucrative field that already includes International Business Machines.

\$60 Billion in Sales

"Before this, IBM was the only U.S. giant in this field on the international scene," said Christopher Vinas, aide to the House information subcommittee. "Unchaining AT&T is likely to trigger a new protectionist response in Canada, Japan and Western Europe."

Involved are communications and computer equipment sales, and communications dependent services such as international banking and data processing. Together, these industries generate an estimated \$60 billion annually in international sales.

The Senate has passed a bill that includes a provision to protect the industries. It would give the Federal Communications Commission the authority to penalize countries whose state-controlled telecommunications monopolies do not grant U.S. companies "reciprocity," or trading conditions roughly

equal to those extended to foreign concerns in the United States.

The provision, which caught foreign governments by surprise, was approved as part of a Senate bill to deregulate the phone industry. It is included in similar legislation pending in the House of Representatives. With the Justice Department's settlement of the AT&T case, though, both bills require drastic revision. Nevertheless, Senate and House sources said the trade issue will not be dropped.

Although the Reagan administration does not have a unified position on the problem, most officials favor the reciprocity concept.

'Motherhood Issue'

"The American Congress still believes in free trade," said a Senate trade policy aide. "But after what's happened to consumer electronics and autos, reciprocity is becoming a motherhood issue around here."

Foreign governments have been quietly lobbying against the retaliation idea, saying action against equipment imports would violate international agreements. Some U.S. officials agree, and as a compromise, that provision might be dropped.

Some foreign officials said they hope President Reagan's free-trade philosophy will prevail.

"We cannot believe Mr. Reagan

would support such a clearly protectionist provision," a Japanese official said, "and we are counting on his administration to stop it in Congress."

The major industrialized countries are expected to deal with this and other examples of growing protectionism at a two-day meeting beginning Friday talks in Key Biscayne, Fla. The United States, Japan, Canada, and the European Economic Community are expected to discuss ways to ensure the free trade system and avert protectionism.

Independent equipment makers, which lobbied for the reciprocity measure even before the AT&T settlement, are redoubling their efforts. "If we don't get some kind of equity in trade, this settlement just makes us all the more vulnerable," said John Sodalowski of the Electronic Industries Association.

U.S. international service firms have also complained that the governments of Western Europe, Japan and Canada manipulate the pricing, availability and technical standards of their communications networks to hamper U.S. companies doing business abroad.

The threat of retaliation could help U.S. negotiators open high-technology markets overseas, said Rep. Glenn English, a Oklahoma Democratic and chairman of the House government information subcommittee.

Economist Wojnilower Sees Interest Rates at New Highs

By Paul Blustein
AP-Dow Jones

NEW YORK — Another influential Wall Street economist has offered the opinion that long-term interest rates are headed for new highs.

Albert Wojnilower, an economist at First Boston Corp., told clients Wednesday that the current recession probably will be over in two to four months. "But ending the contraction is one thing; getting an upturn is another," Mr. Wojnilower said.

The economy will be heading out of the recession saddled with a tight, "no-growth" monetary policy and \$100-billion federal budget deficits, Mr. Wojnilower said. This will create such strains in credit markets — particularly when the tax cut scheduled for July adds its stimulative effect — that "there will be new highs, although perhaps by not much, in long-term interest rates, and short-term rates will get back to the order of magnitude that we had in the summer of 1981," the economist said. Three-month Treasury bills soared to just over 14 percent in 1981.

The Federal Reserve Board's monetary policy "has been a death knell for the housing and automobile sectors," Mr. Wojnilower said. "And since they have given pretty much all they can give, other sectors must pay. As I have said many times before, the capital-goods sector will be crowded out by increased defense spending."

'Weaken Outlook'

The "weapon" by which business capital spending will be crowded out will be interest rate increases and declines in the bond and stock markets, he said.

A poor performance in the bond and stock markets "will weaken the optimistic outlook" many businessmen have about the economy's

prospects for late 1982, Mr. Wojnilower said.

Once the optimistic consensus is abandoned, slowdowns in economic activity could dampen credit demand sufficiently to ignite brief bond market rallies. That would touch off a renewed burst of optimism among businessmen, leading once again to heavy credit demand and a bond market collapse.

Thus, there could be "a very violent feedback loop," Mr. Wojnilower said. "Bond market swings of 10 to 15 points wouldn't surprise me. We may go through this once a month, or even more."

Mr. Wojnilower's remarks closely paralleled the sentiments of Salomon Brothers economist Henry Kaufman. In a speech to clients last week, Mr. Kaufman said interest rates "will probably be threatening their 1981 highs" by year's end because of a "confrontation between the credit needs of the U.S. Treasury and those of business corporations." Mr. Kaufman's comments touched off a wave of selling in both the bond and stock markets.

Mr. Kaufman and Mr. Wojnilower consistently have been bearish on interest rates.

Singapore Set to Start Overseas Investments

SINGAPORE — The Government of Singapore Investment Corp. will begin gradually investing its surplus of \$20 billion in foreign countries in the second quarter of this year, sources close to the GIC said Thursday.

The corporation has identified the United States, Japan and Australia as countries with the best investment climate. The sources said that no decision had been made on specific projects for GIC investments but that there would be no investment in high-technology industries in other countries.

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By: The Chase Manhattan Bank,
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By The Chase Manhattan Bank, N.A., London
Agent Bank

COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated

Britain

Berisford (S&W)	
Year	1981
Revenue	2,240
Profits	245
Per Share	26.4
Year	1980
Revenue	2,107
Profits	210
Per Share	22.9

Thorn EMI

Year	1981
Revenue	1,100
Profits	28.0
Per Share	0.144

Hong Kong

Wingor Industrial	
Year	1981
Revenue	791.45
Profits	54.73
Per Share	0.358

United States

Bank of New York	
4th Quar.	1981
Oper. Net	13.14
Per Share	2.76
Year	1980
Oper. Net	11.11
Per Share	2.25

Year	1981
Oper. Net	50.52
Per Share	4.48
Year	1980
Oper. Net	58.16
Per Share	4.53

Chemical New York

4th Quar.	1981
Oper. Net	57.44
Per Share	3.44
Year	1980
Oper. Net	54.72
Per Share	3.25

Year	1981
Oper. Net	215.22
Per Share	13.07
Year	1980
Oper. Net	215.04
Per Share	13.08

Kaiser Aluminum & Chemical	
4th Quar.	1981
Revenue	769.5
Net	105.69
Per Share	1.00

Year	1981
Revenue	3,340
Profits	132.90
Per Share	3.08

Mortine Midland Banks

4th Quar.	1981
Oper. Net	24.25
Per Share	1.26
Year	1980
Oper. Net	22.20
Per Share	1.19

Year	1981
Oper. Net	87.25
Per Share	4.35
Year	1980
Oper. Net	81.25
Per Share	4.24

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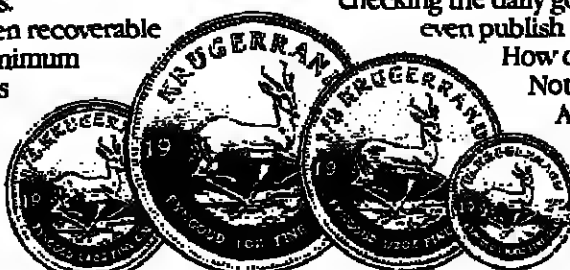
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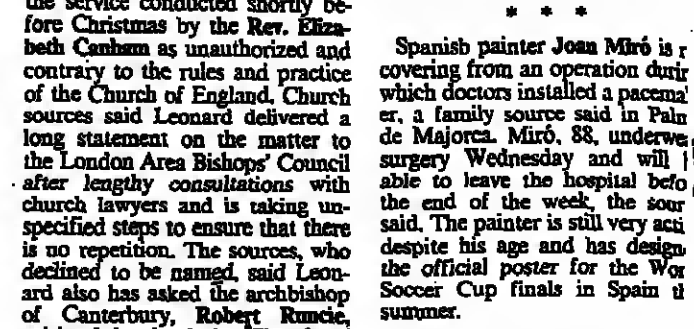
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PEOPLE: *London Bishop Condemns Service Held by Woman*

A service of Holy Communion conducted in private in the deanery of St. Paul's Cathedral in London by a woman priest of the U.S. Episcopal Church has sparked a row inside the Church of England. The Anglican bishop of London, Graham Leonard, condemned the service through his attorney that he had drunk half a bottle of wine on the train from London on the way to his country cottage in Polegate, Sussex. He said both his mother and his wife had recently suffered serious heart attacks and he had drunk the wine to calm his nerves.



spiritual head of the Church of England, to endorse the condemnation when Runcie returns shortly from a visit to the Far East. The Church of England, which has ruled against the ordination of women as priests, is the mother church of 65 million Anglicans worldwide, including 3 million U.S. Episcopalians. The Church of England newspaper, the *Church Times*, said the service was conducted by Canham shortly after she became the first English woman to be ordained as a priest in the

episcopalian Church last month.

* * *

Three Americans, including a woman, have made the first winter ascent of 24,327-foot Mount Pumori on the east face of the peak, the Nepal Ministry of Tourism announced. The ministry, which said the trio braved snow and high winds to reach the summit Jan. 4, were Ned Gillette, 36, the team leader and a photojournalist from St. V; Janet Reynolds, 25, a ski instructor from Alpine, and James Bridwell, 37, an alpine guide from Olympic Valley, Calif.

* * *

wedding and Charles, the 33-year old heir to the throne, bringing an Australian barmaid to w down the aisle with him at Paul's Cathedral. It received good reviews, and Cooney said it "doing 'very well'" until the w winter weather in decades sit in December.

* * *

President Reagan's ocean-vi-home in Pacific Palisades, Calif., which went on sale nearly a y ago for \$1.9 million — is still sold and the president is rep-willing to sell it for \$1 million, it was overpriced, a "longu

In Hailsham, England, Lord George-Brown, former British foreign secretary and deputy leader of the Labor Party, pleaded guilty to drunken driving and was fined £200 (about \$380) and banned from driving for three years. Police testified that he had been driving on a road at night and when stopped his car was discovered to have been damaged and his nose was bleeding. A blood sample was found to contain more than 2 1/2 times the legal limit of alcohol. Lord George-Brown told the court

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